

1-1 By: Flynn, et al. (Senate Sponsor - West) H.B. No. 3158
1-2 (In the Senate - Received from the House May 5, 2017;
1-3 May 9, 2017, read first time and referred to Committee on State
1-4 Affairs; May 19, 2017, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 9, Nays 0;
1-6 May 19, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	Huffman	X		
1-10	Hughes	X		
1-11	Birdwell	X		
1-12	Creighton	X		
1-13	Estes	X		
1-14	Lucio	X		
1-15	Nelson	X		
1-16	Schwertner	X		
1-17	Zaffirini	X		

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 3158 By: Birdwell

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the retirement systems for and the provision of other
1-22 benefits to police and fire fighters in certain municipalities;
1-23 creating a criminal offense.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 ARTICLE 1. CONTINGENT PROVISIONS:

1-26 EFFECTIVE SEPTEMBER 1, 2017

1-27 SECTION 1.01. Section 1.01, Article 6243a-1, Revised
1-28 Statutes, is amended to read as follows:

1-29 Sec. 1.01. AMENDMENT, RESTATEMENT, AND CONSOLIDATION. (a)
1-30 The purpose of this article is to restate and amend the provisions
1-31 of a former law governing the pension funds for police officers and
1-32 fire fighters in certain municipalities (Chapter 4, Acts of the
1-33 43rd Legislature, 1st Called Session, 1933, also known as Article
1-34 6243a) having previously been amended and restated to permit the
1-35 consolidation of the terms of certain pension plans created under
1-36 Sections 1, 11A, and 11B of that Act for the purpose of simply and
1-37 accurately reflecting the joint administration of the plans.

1-38 (b) ~~[The provisions of this article are entirely consistent~~
1-39 ~~with all terms and conditions relating to benefits and benefit~~
1-40 ~~entitlement previously contained in the plans.]~~ This article does
1-41 not ~~[intend to]~~ take away or reduce any accrued benefit contained in
1-42 the plans created under former Article 6243a or under this article
1-43 as it existed on or before August 31, 2017.

1-44 SECTION 1.02. Section 2.01, Article 6243a-1, Revised
1-45 Statutes, is amended to read as follows:

1-46 Sec. 2.01. DEFINITIONS. In this article:

1-47 (1) "415 compensation" means a member's wages, salary,
1-48 and other amounts received for personal services rendered in the
1-49 course of employment with the city during a limitation year and
1-50 permitted to be treated as compensation for purposes of Section
1-51 415(c) of the code, including differential wage payments described
1-52 in Section 414(u)(12) of the code. The term does not include
1-53 amounts picked up under Section 4.03(i) of this article.

1-54 (2) "Active service" means any period that a member
1-55 receives compensation as a police officer or fire fighter from
1-56 either department for services rendered.

1-57 (3) ~~[(2)]~~ "Actuarial equivalent" means a form of
1-58 benefit differing in time, duration, or manner of payment from a
1-59 standard benefit payable under this article but having the same
1-60 value when computed using the assumptions set forth in this

2-1 article.

2-2 ~~[(3) "Administrator" means the person designated by~~
 2-3 ~~the board to supervise the affairs of the pension system.]~~

2-4 (4) "Alternate payee" has the meaning given the term
 2-5 by Section 414(p) [414] of the code or any successor provision.

2-6 (5) "Alternative investment" means an investment in an
 2-7 asset other than a traditional asset. The term includes an
 2-8 investment in private equity funds, private real estate
 2-9 transactions, hedge funds, and infrastructure.

2-10 (6) ~~[(5)]~~ "Annual additions" means the sum of the
 2-11 following amounts credited to a member's account under any defined
 2-12 contribution plan maintained by the city for the limitation year:

2-13 (A) city contributions;

2-14 (B) member contributions, other than rollover
 2-15 contributions from a plan maintained by any employer other than the
 2-16 city;

2-17 (C) forfeitures; and

2-18 (D) amounts allocated after March 31, 1984, to an
 2-19 individual medical benefit account, as defined in Section 415(1)(2)
 2-20 [415(1)(2)] of the code, that is part of a pension or annuity plan
 2-21 maintained by the city.

2-22 ~~[The term does not include amounts described in Paragraph (D)~~
 2-23 ~~of this subdivision for the purpose of computing the percentage~~
 2-24 ~~limitation described in Section 415(c)(1)(B) of the code.]~~ For any
 2-25 limitation year beginning before January 1, 1987, only that portion
 2-26 of member contributions equal to the lesser of member contributions
 2-27 in excess of six percent of 415 compensation or one-half of member
 2-28 contributions to the combined pension plan or any qualified defined
 2-29 contribution plan maintained by the city is treated as annual
 2-30 additions.

2-31 (7) ~~[(6)]~~ "Annual benefit" means the aggregate
 2-32 benefit attributable to city and member contributions payable
 2-33 annually under the combined pension plan, or any plan maintained by
 2-34 the city, exclusive of any benefit not required to be considered for
 2-35 purposes of applying the limitations of Section 415 of the code to
 2-36 the combined pension plan, payable in the form of a straight life
 2-37 annuity beginning at age 62 with no ancillary benefits. Solely for
 2-38 purposes of computing the limitations under the combined pension
 2-39 plan, benefits actually payable to a pensioner are adjusted to the
 2-40 actuarial equivalent of a straight life annuity pursuant to Section
 2-41 415(b) [8.01] of the code ~~[this article]~~ even though no member may
 2-42 actually receive a benefit in the form of a straight life annuity.

2-43 (8) ~~[(7)]~~ "Article 6243a" means Chapter 4, Acts of the
 2-44 43rd Legislature, 1st Called Session, 1933 (former Article 6243a,
 2-45 Vernon's Texas Civil Statutes), pertaining to a pension system for
 2-46 police officers, fire fighters, and fire alarm operators in certain
 2-47 cities.

2-48 (9) ~~[(8)]~~ "Assignment pay" means monthly pay, in
 2-49 addition to salary, granted to a Group B member and authorized by
 2-50 the city council for the performance of certain enumerated duty
 2-51 assignments.

2-52 (10) ~~[(9)]~~ "Base pay" means the maximum monthly civil
 2-53 service pay from time to time established by the city for a person
 2-54 who holds the rank of "police officer" in the city's police
 2-55 department or the rank of "fire and rescue officer" in the city's
 2-56 fire department [a police officer or fire fighter], exclusive of
 2-57 any other form of compensation. The term does not include
 2-58 compensation paid by the city to a person for prior periods of
 2-59 service or compensation that otherwise constitutes back pay unless
 2-60 the compensation is eligible back pay. The board may adopt rules
 2-61 and procedures necessary to include eligible back pay as base pay
 2-62 for purposes of this definition, including rules regarding how
 2-63 increases in benefits will be determined and administered.

2-64 (11) ~~[(10)]~~ "Base pension" means the amount of
 2-65 retirement, death, or disability benefits as determined ~~[computed~~
 2-66 ~~under this article]~~ at the earliest of the time a Group B member
 2-67 and, solely for the purposes of Section 6.12 of this article, a
 2-68 Group A member:

2-69 (A) begins participation in DROP;

3-1 (B) leaves or left active service;
 3-2 (C) [leaves active service,] dies; [7] or
 3-3 (D) becomes entitled to a disability pension
 3-4 under the combined pension plan [disabled].

3-5 Solely for purposes of this definition, when a member becomes
 3-6 entitled to a disability pension, the base pension shall be
 3-7 determined as of the date on which the disability pension begins.

3-8 (12) [11] "Board" means the board of trustees
 3-9 created under Section 3.01 of this article for the purpose of
 3-10 administering the pension system.

3-11 (13) [12] "Child" means a [an unmarried] person
 3-12 [under the age of 19] whose [natural or adoptive] parent, as
 3-13 recognized under the laws of this state, is a primary party.

3-14 (14) [13] "City" means each municipality having a
 3-15 population of more than 1.18 million and located predominantly in a
 3-16 county that has a total area of less than 1,000 square miles.

3-17 (15) "City attorney" means the chief legal officer of
 3-18 a city.

3-19 (16) [14] "City council" means the governing body of
 3-20 the city.

3-21 (17) "City manager" means the city manager of a city or
 3-22 the city manager's designee and includes, to the extent of any
 3-23 designation, an interim or acting city manager, chief financial
 3-24 officer, budget director, or assistant city manager. If a city does
 3-25 not have an individual serving in a position otherwise described by
 3-26 this subdivision, "city manager" means the mayor of that city.

3-27 (18) [15] "City service incentive pay" means annual
 3-28 incentive pay, adjusted by the city from time to time, in addition
 3-29 to the salary of a member granted to the member under the authority
 3-30 of the city charter and received by the member during active
 3-31 service.

3-32 (19) [16] "Code" means the United States Internal
 3-33 Revenue Code of 1986, as amended.

3-34 (20) [17] "Combined pension plan" means any pension
 3-35 plan created pursuant to this article before September 1, 2017.

3-36 (21) [18] "Computation pay" shall be used in
 3-37 determining the amount of the city's contribution under Section
 3-38 4.02(d) of this article and a Group B member's contribution under
 3-39 Section 4.03(d) of this article and in determining the base pension
 3-40 [of any benefits] to be paid to a Group B member or the benefits to
 3-41 be paid to the member's qualified survivors and means the sum of the
 3-42 following:

3-43 (A) the biweekly [monthly] rate of pay of a
 3-44 [Group B] member for the highest civil service rank the person
 3-45 holds, from time to time, as a result of a competitive examination;
 3-46 plus

3-47 (B) the [monthly rate of pay of a Group B member
 3-48 as] educational incentive pay of a member, computed on a biweekly
 3-49 basis; plus

3-50 (C) the longevity [monthly rate of] pay of a
 3-51 [Group B] member [as longevity pay], as authorized by the
 3-52 legislature, computed on a biweekly basis; plus

3-53 (D) the city service incentive pay, computed on a
 3-54 biweekly [monthly] basis, of a [Group B] member.

3-55 The term includes only amounts actually paid in salary or
 3-56 payments made instead of salary to the member and member
 3-57 contributions picked up by the city, and does not include any
 3-58 imputed pay. Furthermore, any [Any] compensation received by a
 3-59 [Group B] member, other than that noted in Paragraphs (A)-(D) of
 3-60 this subdivision (for example, compensation for overtime work,
 3-61 certification pay, and the [monthly rate of] pay a member would
 3-62 receive from the city in the form of assignment pay), will not be
 3-63 considered in determining the computation pay of a [Group B]
 3-64 member. Any lump-sum payments for compensatory time, unused sick
 3-65 leave, unused vacation time, or city service incentive pay payable
 3-66 after a [Group B] member leaves active service, dies [death],
 3-67 becomes disabled [disability], or resigns [resignation], or after
 3-68 any other type of termination may not be considered in determining
 3-69 the computation pay of any [Group B] member. Computation pay for a

4-1 [~~Group B~~] member for any given period [~~month~~] is determined on the
4-2 biweekly [~~monthly~~] rates of pay due the [~~Group B~~] member for the
4-3 entire period [~~month~~]. The term does not include compensation paid
4-4 by the city to a person for prior periods of service or compensation
4-5 that otherwise constitutes back pay unless the compensation is
4-6 eligible back pay. The board may adopt rules and procedures
4-7 necessary to include eligible back pay as computation pay for
4-8 purposes of this definition, including rules regarding how
4-9 increases in benefits will be determined and administered. [~~If a~~
4-10 Group B member works less than the member's assigned schedule for
4-11 any given month, the computation pay for the Group B member shall be
4-12 prorated for the portion of the month that the Group B member
4-13 worked.

4-14 [~~(19)~~] "~~Educational incentive pay~~" means ~~incentive pay~~
4-15 ~~designed to reward completion of certain hours of college credit,~~
4-16 ~~adjusted by the city from time to time, that is paid to a member in~~
4-17 ~~addition to the member's salary.]~~

4-18 (22) [~~(20)~~] "Department" means either the police
4-19 department of the city, the fire department of the city, or both the
4-20 police and fire departments of the city together.

4-21 (23) [~~(21)~~] "Dependent parent" means a natural parent
4-22 or parent who adopted a primary party and who immediately before the
4-23 death of a primary party received over half of the parent's
4-24 financial support from the primary party.

4-25 (24) [~~(22)~~] "Disability retirement" means any period
4-26 that a pensioner receives periodic disability compensation or a
4-27 disability pension.

4-28 (25) "DROP" means the deferred retirement option plan
4-29 established in accordance with Section 6.14 of this article.

4-30 (26) "Educational incentive pay" means incentive pay
4-31 designed to reward completion of certain hours of college credit,
4-32 adjusted by the city from time to time, that is paid to a member in
4-33 addition to the member's salary.

4-34 (27) "Eligible back pay," except as otherwise provided
4-35 by this definition, means additional compensation paid by the city
4-36 to a member or pensioner:

4-37 (A) that constitutes back pay to the member's or
4-38 pensioner's prior period of service and is otherwise considered
4-39 taxable wages paid by the city to the member or pensioner for
4-40 federal income tax purposes; and

4-41 (B) for which the pension system receives:

4-42 (i) an amount equal to the aggregate member
4-43 and city contributions that the pension system would have collected
4-44 with respect to the compensation for all time periods relating to
4-45 the back pay compensation; and

4-46 (ii) interest, calculated using the pension
4-47 system's actuarial rate of return assumptions in effect for the
4-48 periods relating to the back pay, compounded annually, on the
4-49 contribution amounts for the period from the date that the
4-50 contributions would have been received if the back pay compensation
4-51 had been paid during the relevant periods of prior service through
4-52 the date the amount relating to the contributions for back pay is
4-53 actually received by the pension system.

4-54 The term does not include any additional compensation paid by
4-55 the city to a member or pensioner wholly or partly or directly or
4-56 indirectly as the result of litigation instituted to recover back
4-57 pay.

4-58 The pension system is not obligated to collect the additional
4-59 contributions or interest described in Paragraph (B) of this
4-60 subdivision from the member, pensioner, or city. The pension system
4-61 may not recognize back pay as eligible back pay until the
4-62 contributions and interest described in Paragraph (B) of this
4-63 subdivision have been received.

4-64 (28) "Executive director" means the person designated
4-65 by the board to supervise the operation of the pension system.

4-66 (29) [~~(23)~~] "~~415 compensation~~" means a member's wages,
4-67 ~~salary, and other amounts received for personal services rendered~~
4-68 ~~in the course of employment with the city during a limitation year,~~
4-69 ~~but does not include:~~

5-1 ~~[(A) contributions made by the city to a plan of~~
5-2 ~~deferred compensation, or a simplified employee pension plan, to~~
5-3 ~~the extent such contributions are excludable from the member's~~
5-4 ~~gross income;~~
5-5 ~~[(B) any distributions from a plan of deferred~~
5-6 ~~compensation, or a simplified employee pension plan, to the extent~~
5-7 ~~the distributions are excludable from the member's gross income;~~
5-8 ~~[(C) other amounts that received special tax~~
5-9 ~~benefits, such as premiums for group term life insurance, to the~~
5-10 ~~extent that the premiums are not includable in the gross income of~~
5-11 ~~the member, or contributions made by the city, including~~
5-12 ~~contributions toward the purchase of an annuity described by~~
5-13 ~~Section 403(b) of the code, whether or not contributed pursuant to a~~
5-14 ~~salary reduction agreement and whether or not the amounts are~~
5-15 ~~actually excludable from the gross income of the member; and~~
5-16 ~~[(D) for any limitation year beginning after~~
5-17 ~~December 31, 1988, compensation in excess of \$200,000, adjusted in~~
5-18 ~~a manner permitted under Section 415(d) of the code.~~
5-19 ~~[(24)] "Fund" means all funds and property held to~~
5-20 ~~provide benefits to [for the benefit of] all persons who are or who~~
5-21 ~~may become entitled to any benefits under any plan within the~~
5-22 ~~pension system, together with all income, profits, or other~~
5-23 ~~increments.~~
5-24 ~~(30) [(25)] "Group A member" means any police officer~~
5-25 ~~or fire fighter included in Group A membership under [described by]~~
5-26 ~~Section 5.01(a)(1) of this article.~~
5-27 ~~(31) [(26)] "Group B member" means any police officer~~
5-28 ~~or fire fighter included in Group B membership under [described by]~~
5-29 ~~Section 5.01(a)(2) of this article.~~
5-30 ~~(32) [(27)] "Health director" means any qualified~~
5-31 ~~physician designated from time to time by the board.~~
5-32 ~~(33) [(28)] "Limitation year" means the plan year of~~
5-33 ~~the combined pension plan and any defined benefit plan or defined~~
5-34 ~~contribution plan of the city in which a member participates.~~
5-35 ~~(34) [(29)] "Longevity pay" means pay in addition to~~
5-36 ~~the salary of a member granted under Section 141.032, Local~~
5-37 ~~Government Code, for each year of active service completed by a~~
5-38 ~~member in either department.~~
5-39 ~~(35) [(30)] "Member" means both Group A and Group B~~
5-40 ~~members.~~
5-41 ~~(36) [(31)] "Member's account" means an account~~
5-42 ~~established and maintained for a member with respect to the~~
5-43 ~~member's total interest in one or more defined contribution plans~~
5-44 ~~under this article or maintained by the city resulting in annual~~
5-45 ~~additions.~~
5-46 ~~(37) "Nominations committee" means the nominations~~
5-47 ~~committee established under Section 3.011 of this article.~~
5-48 ~~(38) [(32)] "Old plan" means any pension plan created~~
5-49 ~~pursuant to Section 1 of Article 6243a.~~
5-50 ~~(39) [(33)] "Pensioner," "Group A pensioner," or~~
5-51 ~~"Group B pensioner" means a former member of the pension system who~~
5-52 ~~is on either a service or disability retirement.~~
5-53 ~~(40) [(34)] "Pension service" means the time, in~~
5-54 ~~years, and prorated for fractional years, that a member has~~
5-55 ~~contributed to the fund under the terms of the combined pension plan~~
5-56 ~~or any plan within the pension system, reduced to reflect refunds~~
5-57 ~~that have been received and not fully repaid.~~
5-58 ~~(41) [(35)] "Pension system" means the fund and any~~
5-59 ~~plans created pursuant to this article or Article 6243a and that are~~
5-60 ~~intended to be qualified under Section 401(a) of the code.~~
5-61 ~~(42) [(36)] "Plan A" means any plan created pursuant~~
5-62 ~~to Section 11A of Article 6243a.~~
5-63 ~~(43) [(37)] "Plan B" means any plan created pursuant~~
5-64 ~~to Section 11B of Article 6243a.~~
5-65 ~~(44) [(38)] "Police officer" or "fire fighter" means,~~
5-66 ~~as appropriate, a police officer, fire fighter, fire and rescue~~
5-67 ~~officer, fire alarm operator, fire inspector, apprentice police~~
5-68 ~~officer, apprentice fire fighter, or similar employee of either~~
5-69 ~~department as defined in the classifications of the human resources~~

6-1 ~~[personnel]~~ department of the city.

6-2 (45) ~~[(39)]~~ "Primary party," "Group B primary party,"

6-3 or "Group A primary party" means a member~~[, former member,]~~ or

6-4 pensioner.

6-5 (46) ~~[(40)]~~ "Qualified actuary" means either:

6-6 (A) an individual who is a Fellow of the Society

6-7 of Actuaries, a Fellow of the Conference of Consulting Actuaries

6-8 ~~[in Public Practice]~~, or a member of the American Academy of

6-9 Actuaries; or

6-10 (B) a firm that employs one or more persons who

6-11 are Fellows of the Society of Actuaries, Fellows of the Conference

6-12 of Consulting Actuaries ~~[in Public Practice]~~, or members of the

6-13 American Academy of Actuaries and are providing services to the

6-14 pension system.

6-15 (47) ~~[(41)]~~ "Qualified domestic relations order" has

6-16 the meaning provided by Section 414(p) ~~[414]~~ of the code.

6-17 (48) ~~[(42)]~~ "Qualified survivor" means a person who is

6-18 eligible to receive death ~~[survivor]~~ benefits after the death of a

6-19 primary party and includes only:

6-20 (A) a surviving spouse, if the spouse was

6-21 continuously married to the primary party from ~~[both at]~~ the date

6-22 when the primary party either voluntarily or involuntarily left

6-23 active service as a member through ~~[and at]~~ the date of the primary

6-24 party's death;

6-25 (B) all surviving, unmarried~~[, legitimate, and~~

6-26 ~~legally adopted]~~ children who are either under 19 years of age or

6-27 have a disability, as determined by the board under Section

6-28 6.06(o-2) of this article, and who were:

6-29 (i) born or adopted before the primary

6-30 party ~~[as a member]~~ either voluntarily or involuntarily left active

6-31 service; or

6-32 (ii) ~~[who were]~~ born after the primary party

6-33 ~~[a member]~~ left active service if the mother was pregnant with the

6-34 child before the primary party ~~[member]~~ left active service; and

6-35 (C) a surviving dependent parent of a primary

6-36 party if the primary party is not survived by a spouse or child

6-37 eligible for benefits.

6-38 (49) ~~[(43)]~~ "Service retirement" means any period

6-39 that a pensioner receives a retirement pension but does not include

6-40 any period of disability retirement.

6-41 (50) ~~[(44)]~~ "Spouse" means the person to whom ~~[husband~~

6-42 ~~or wife of]~~ a primary party is legally married ~~[recognized]~~ under

6-43 the laws of this state or any other state.

6-44 (51) "Traditional asset" includes stocks, bonds, and

6-45 cash ~~[(45) "Total wages and salaries" means all pay received by a~~

6-46 ~~member of any plan within the pension system from the city,~~

6-47 ~~excluding any lump-sum payments for unused sick time or unused~~

6-48 ~~vacation time accrued by any member and payable as the result of the~~

6-49 ~~member's death, disability, resignation, or any other reason for~~

6-50 ~~leaving active service].~~

6-51 (52) ~~[(46)]~~ "Trustee" means a member of the board.

6-52 SECTION 1.03. Sections 2.02(a) and (b), Article 6243a-1,

6-53 Revised Statutes, are amended to read as follows:

6-54 (a) If the amount of any benefit or contribution is to be

6-55 determined on the basis of actuarial assumptions that are not

6-56 otherwise specifically set forth for that purpose in this article,

6-57 the actuarial assumptions to be used are those earnings and

6-58 mortality assumptions being used on the date of the determination

6-59 by the pension system's qualified actuary and approved by the

6-60 board.

6-61 (b) The actuarial assumptions being used at any particular

6-62 time shall be attached by the executive director ~~[administrator]~~ as

6-63 an addendum to this article and treated for all purposes as a part

6-64 of any plan created by this article. The executive director shall

6-65 promptly update any addendum to conform to any changed actuarial

6-66 assumptions approved by the board.

6-67 SECTION 1.04. Part 2, Article 6243a-1, Revised Statutes, is

6-68 amended by adding Sections 2.025 and 2.03 to read as follows:

6-69 Sec. 2.025. INDEPENDENT ACTUARIAL ANALYSIS AND LEGISLATIVE

7-1 RECOMMENDATIONS. (a) Before July 1, 2024, the State Pension Review
7-2 Board shall select an independent actuary who the board shall hire
7-3 to perform an actuarial analysis of the most recently completed
7-4 actuarial valuation of the pension system. The independent actuary
7-5 shall submit the analysis to the State Pension Review Board and the
7-6 board not later than October 1, 2024. The analysis must include the
7-7 independent actuary's:

7-8 (1) conclusion regarding whether the pension system is
7-9 actuarially sound, as defined by rule by the State Pension Review
7-10 Board; and

7-11 (2) recommendations regarding changes to benefits or
7-12 to member or city contribution rates.

7-13 (b) Subject to Subsection (d) of this section, the board may
7-14 by rule adopt the independent actuary's recommendations under
7-15 Subsection (a)(2) of this section.

7-16 (c) Not later than December 1, 2024, the State Pension
7-17 Review Board shall submit a report to the legislature regarding
7-18 actions taken under this section. The report required under this
7-19 section must include a copy of the analysis prepared under
7-20 Subsection (a) of this section and a summary of rules adopted by the
7-21 board under Subsection (b) of this section.

7-22 (d) Notwithstanding any other provision of this article, a
7-23 rule adopted by the board under Subsection (b) of this section that
7-24 conflicts with a provision of this article remains in effect until
7-25 August 31, 2025, unless a law is enacted by the 89th Legislature
7-26 that authorizes the content of the rule. If a law is enacted that
7-27 authorizes the content of the rule, the rule continues in effect
7-28 until amended in accordance with this article.

7-29 (e) This section expires September 1, 2025.

7-30 Sec. 2.03. REFERENCES TO CERTAIN LAW. A reference to a
7-31 statute made in this article includes a reference to any
7-32 regulation, rule, order, or notice made by a governmental entity
7-33 with the authority under law to adopt the regulation, rule, order,
7-34 or notice, and on which the governmental entity intends persons to
7-35 rely, as appropriate.

7-36 SECTION 1.05. Section 3.01, Article 6243a-1, Revised
7-37 Statutes, is amended by amending Subsections (a), (b), (d), (e),
7-38 (f), (h), (i), (j), (n), and (o) and adding Subsections (b-1),
7-39 (b-2), (b-3), (b-4), (j-1), (j-2), (j-3), (j-4), (j-5), (j-6),
7-40 (j-7), (j-8), (j-9), (j-10), (o-1), (p), (q), (r), and (s) to read
7-41 as follows:

7-42 (a) The pension system shall be administered by the board.
7-43 The board shall execute its fiduciary duty to hold and administer
7-44 the assets of the fund for the exclusive benefit of members and
7-45 their beneficiaries under Section 802.203, Government Code,
7-46 Section 67(f), Article XVI, Texas Constitution, and any other
7-47 applicable law, in a manner that ensures the sustainability of the
7-48 pension system for purposes of providing current and future
7-49 benefits to members and their beneficiaries.

7-50 (b) Subject to Subsections (b-1) and (b-2) of this section,
7-51 the ~~[The]~~ board consists of 11 ~~[seven]~~ trustees who shall be
7-52 selected and shall serve as follows:

7-53 (1) six trustees appointed by the mayor;
7-54 (2) three trustees appointed by the nominations
7-55 committee;

7-56 (3) subject to Subsection (b-3) of this section, one
7-57 trustee who is a current or former police officer of the city
7-58 nominated and elected by members of the pension system under rules
7-59 adopted by the board; and

7-60 (4) subject to Subsection (b-3) of this section, one
7-61 trustee who is a current or former fire fighter of the city
7-62 nominated and elected by members of the pension system under rules
7-63 adopted by the board.

7-64 (b-1) To be appointed or elected a trustee under this
7-65 section, a person:

7-66 (1) must have demonstrated financial, accounting,
7-67 business, investment, budgeting, real estate, or actuarial
7-68 expertise; and

7-69 (2) may not be an elected official of the city.

8-1 (b-2) To be appointed a trustee under Subsection (b)(1) or
 8-2 (2) of this section a person may not be an active member or
 8-3 pensioner.

8-4 (b-3) If the board determines that it is not possible to
 8-5 nominate or elect a trustee under Subsection (b)(3) or (4) of this
 8-6 section who meets the requirements of Subsection (b-1) of this
 8-7 section, the board shall notify the nominations committee and the
 8-8 nominations committee shall appoint a trustee who meets the
 8-9 requirements of Subsection (b-1) of this section to represent the
 8-10 interests of police officers or fire fighters, as appropriate, of
 8-11 the city on the board. An appointment under this subsection may be
 8-12 made without regard to whether the trustee is qualified under
 8-13 Subsection (b)(3) or (4), as applicable, of this section.

8-14 (b-4) A trustee is not required to reside in a particular
 8-15 city or county of this state. [The city council shall name from
 8-16 among its members three council members who shall serve as trustees
 8-17 of the board. The council member trustees shall be named as soon as
 8-18 possible after the first Monday in May of each odd-numbered year and
 8-19 shall serve for the term of office to which they were elected as
 8-20 council members. If there is a vacancy in any of the council member
 8-21 trustees' seats on the board, the city council shall name another
 8-22 council member to serve out the remainder of the unexpired term.

8-23 [(2) The police and fire department members of the
 8-24 pension plans within the pension system shall separately, by
 8-25 department and not by plan, elect from among their respective
 8-26 memberships two active police officer and two active fire fighter
 8-27 members. On their election, each of the trustees under this
 8-28 subdivision shall execute a written affirmation of the person's
 8-29 undertaking to faithfully perform duties to the pension system.
 8-30 The police and fire department trustees shall serve terms of four
 8-31 years each, the terms being staggered so that one term, but not both
 8-32 from the same department, shall expire on June 1 of each
 8-33 odd-numbered year. If a vacancy occurs among the police and fire
 8-34 department trustees, the vacancy shall be filled in accordance with
 8-35 the provisions of Subsection (d) of this section. The police and
 8-36 fire department trustees will continue to serve beyond the
 8-37 expiration of their terms, if their successors have not been
 8-38 elected and affirmed in writing their undertaking to faithfully
 8-39 perform their duties to the pension system, until their successors
 8-40 are elected and have affirmed in writing their undertaking to
 8-41 faithfully perform their duties to the pension system.]

8-42 (d) A [If a] vacancy on the board in a trustee position under
 8-43 Subsection (b)(1) or (2) of this section shall be filled in the same
 8-44 manner as the original appointment. The board by rule shall
 8-45 determine the manner by which a vacancy in a trustee position under
 8-46 Subsection (b)(3) or (4) of this section is filled [occurs among the
 8-47 police or fire department alternate trustees, for reasons other
 8-48 than the failure to elect a successor alternate trustee or the
 8-49 occurrence of a vacancy among the regular trustees of either
 8-50 department, the board shall appoint a new alternate trustee
 8-51 representing the department from which the vacancy occurs to serve
 8-52 as the alternate trustee for the remainder of the alternate
 8-53 trustee's term]. [A candidate is not eligible for election to an
 8-54 alternate trustee position and to a regular trustee position during
 8-55 the same election.]

8-56 (e) The mayor shall determine whether all trustees
 8-57 appointed under Subsection (b)(1) of this section hold office for
 8-58 staggered two-year terms or staggered three-year terms. The
 8-59 nominations committee shall determine whether all trustees
 8-60 appointed or elected under Subsection (b)(2), (3), or (4) of this
 8-61 section hold office for staggered two-year terms or staggered
 8-62 three-year terms. An appointed trustee may not serve for more than
 8-63 six consecutive years on the board [If a vacancy occurs among the
 8-64 police or fire department regular trustees, the alternate trustee
 8-65 representing the department from which the vacancy occurs shall
 8-66 serve as the regular trustee for the remainder of the unexpired
 8-67 regular trustee's term]. [Thereafter, the board shall appoint a
 8-68 new alternate trustee from the same department to serve for a period
 8-69 ending on the earlier of the expiration of the regular trustee's

9-1 ~~term or the original alternate trustee's term. If the original~~
 9-2 ~~alternate trustee's term has not expired after serving in place of~~
 9-3 ~~the regular trustee, then that person shall serve out the remainder~~
 9-4 ~~of the unexpired term. After a new regular trustee has been~~
 9-5 ~~elected, the original alternate trustee shall return to serve as an~~
 9-6 ~~alternate trustee until the regular trustee's term has expired.~~
 9-7 ~~However, if the original alternate trustee, while an alternate~~
 9-8 ~~trustee, is elected to a full term as a regular trustee before the~~
 9-9 ~~expiration of the term as an alternate trustee, the term of the new~~
 9-10 ~~alternate trustee extends until the expiration of the original~~
 9-11 ~~alternate trustee's term.]~~

9-12 (f) The nomination and election of the trustees under
 9-13 Subsection (b)(3) or (4) of this section [representing the police
 9-14 and fire departments] shall be held under the supervision of the
 9-15 board, and the board shall adopt such rules ~~[and regulations]~~
 9-16 governing the election procedure as it considers appropriate, as
 9-17 long as the rules ~~[and regulations]~~ are consistent with generally
 9-18 accepted principles of secret ballot and majority rule. The rules
 9-19 ~~[and regulations]~~ adopted by the board shall be recorded in the
 9-20 minutes of the board and made available to the members of any
 9-21 pension plan within the pension system.

9-22 (h) The executive director [administrator], or in the
 9-23 executive director's [administrator's] absence a member of the
 9-24 administrative staff designated by the board, shall serve as the
 9-25 secretary of the board.

9-26 (i) The board shall serve without separate compensation
 9-27 from the fund, but a trustee is entitled to reimbursement for travel
 9-28 expenses and, if applicable, [with entitlement] to any appropriate
 9-29 compensation from the city as if the trustee [board members] were
 9-30 performing the trustee's [their] regular functions for the police
 9-31 or fire department or for the city. The board shall meet not less
 9-32 than once each month and may meet at any time on the call of its
 9-33 chairman.

9-34 (j) The board has full power to make rules [and regulations]
 9-35 pertaining to the conduct of its meetings and to the operation of
 9-36 the pension system as long as its rules are not, subject to
 9-37 Subsections (j-1) and (j-2) of this section, inconsistent with the
 9-38 terms of this article, any pension plan within the pension system,
 9-39 or the laws of this state or the United States to the extent
 9-40 applicable. A board meeting may be held by telephone conference
 9-41 call or by videoconference call in accordance with Sections 551.125
 9-42 and 551.127, Government Code, except that Section 551.125(b),
 9-43 Government Code, does not apply.

9-44 (j-1) Subject to Subsection (o)(2) of this section, the
 9-45 board may adopt a rule that conflicts with this article:

9-46 (1) to ensure compliance with the code, including
 9-47 Section 415 of the code, and other applicable federal law;

9-48 (2) subject to Subsections (j-5) through (j-8) of this
 9-49 section, to amortize the unfunded actuarial accrued liability of
 9-50 the pension system within a period that does not exceed 35 years, if
 9-51 the board determines the rule is appropriate based on the
 9-52 evaluations required under Subsection (j-5) of this section; or

9-53 (3) subject to Subsections (j-6) and (j-7) of this
 9-54 section and notwithstanding any other law, to increase the benefits
 9-55 provided under this article in any manner the board determines
 9-56 appropriate if the increase will not cause the amortization period
 9-57 of the unfunded actuarial accrued liability of the pension system
 9-58 to exceed 25 years, after taking into account the impact of the
 9-59 increase.

9-60 (j-2) Except as provided by Subsection (j-1) of this section
 9-61 or Section 4.02(b) of this article, a provision of any plan provided
 9-62 by the pension system may only be amended if approved by the board.
 9-63 An amendment described by this subsection:

9-64 (1) may not cause the amortization period of the
 9-65 unfunded actuarial accrued liability of the pension system to
 9-66 exceed 35 years, after taking into account the impact of the
 9-67 amendment, as determined by the board and reviewed by the State
 9-68 Pension Review Board; and

9-69 (2) is not required to be ratified by the legislature.

10-1 (j-3) The board may correct any defect, supply any omission,
 10-2 and reconcile any inconsistency that may appear in this article in a
 10-3 manner and to the extent that the board believes would:
 10-4 (1) be expedient for the administration of the pension
 10-5 system;
 10-6 (2) be for the greatest benefit of all members,
 10-7 pensioners, and qualified survivors; and
 10-8 (3) not adversely affect the benefits of a member,
 10-9 pensioner, or qualified survivor.
 10-10 (j-4) The board has full discretion and authority to
 10-11 construe and interpret the combined pension plan and to do all acts
 10-12 necessary to carry out the purpose of the combined pension plan. A
 10-13 decision of the board is final and binding on all affected parties.
 10-14 (j-5) Not later than January 1, 2018, the board shall
 10-15 conduct an evaluation of:
 10-16 (1) how benefits are computed under this article to
 10-17 identify potential means of abusing the computation of benefits to
 10-18 inflate pension benefits received by pensioners; and
 10-19 (2) the impact, including the impact on the combined
 10-20 pension plan, of establishing one or more alternative benefit
 10-21 plans, including a defined contribution plan or a hybrid retirement
 10-22 plan that combines elements of both a defined benefit plan and a
 10-23 defined contribution plan, for newly hired employees of the city
 10-24 and for members who voluntarily elect to transfer to an alternative
 10-25 benefit plan.
 10-26 (j-6) The board may not adopt a rule under Subsection
 10-27 (j-1)(2) or (3) of this section unless the rule has first been
 10-28 reviewed by the State Pension Review Board and the State Pension
 10-29 Review Board finds that implementation of a rule under:
 10-30 (1) Subsection (j-1)(2) of this section complies with
 10-31 the amortization period prescribed by that subdivision and
 10-32 Subsection (j-8) of this section; or
 10-33 (2) Subsection (j-1)(3) of this section complies with
 10-34 the amortization period prescribed by that subdivision.
 10-35 (j-7) The board shall provide the State Pension Review Board
 10-36 with a copy of a proposed rule for purposes of Subsection (j-6) of
 10-37 this section at least 90 days before the date the board intends to
 10-38 implement the rule.
 10-39 (j-8) The board may not adopt a rule under Subsection
 10-40 (j-1)(2) of this section based on an evaluation under Subsection
 10-41 (j-5)(2) of this section if the board determines implementation of
 10-42 the rule would cause the amortization period of the unfunded
 10-43 actuarial accrued liability of the combined pension plan or any
 10-44 plan established under this article by the pension system to exceed
 10-45 35 years, after taking into account implementation of the rule.
 10-46 (j-9) At least twice each year, the board shall have a
 10-47 meeting to receive public input regarding the pension system and to
 10-48 inform the public about the health and performance of the pension
 10-49 system. The State Pension Review Board is entitled to all documents
 10-50 and other information provided to the public or that are the basis
 10-51 for information provided to the public, as determined by the State
 10-52 Pension Review Board, for purposes of this subsection and shall
 10-53 independently review the information to ensure its validity.
 10-54 (j-10) An employee or other agent acting on behalf of the
 10-55 pension system commits an offense if the person knowingly provides
 10-56 false information to the State Pension Review Board under
 10-57 Subsection (j-9) of this section. An offense under this subsection
 10-58 is a Class B misdemeanor.
 10-59 (n) Six ~~Four~~ trustees of the board constitute a quorum at
 10-60 any ~~called~~ meeting~~, except that a trustee from the police~~
 10-61 ~~department and a trustee from the fire department must be present to~~
 10-62 ~~conduct business~~.
 10-63 (o) No action may be taken by the board except at a meeting.
 10-64 Except as otherwise specifically provided by this article or other
 10-65 law:
 10-66 (1) ~~and~~ no action shall be taken during a board
 10-67 meeting without the approval of a majority of the trustees of the
 10-68 board; and
 10-69 (2) no action otherwise authorized by this article or

11-1 other law may be taken that establishes an alternative benefit
11-2 plan, reduces the city contribution rate, increases the member
11-3 contribution rate, or reduces benefits, including accrued
11-4 benefits, without the approval of two-thirds of the trustees of the
11-5 board [present].

11-6 (o-1) Only actions of the board taken or approved of during
11-7 a meeting are binding on the board, and no other written or oral
11-8 statement or representation made by any person is binding on the
11-9 board or the pension system.

11-10 (p) The board may file suit on behalf of the pension system
11-11 in a court of competent jurisdiction regardless of the court's
11-12 location. The board has sole authority to litigate matters on
11-13 behalf of the pension system. Notwithstanding Chapter 15, Civil
11-14 Practice and Remedies Code, or any other law, an action against the
11-15 pension system or the board shall be brought in a court of competent
11-16 jurisdiction located in the city or county in which the pension
11-17 system is located.

11-18 (q) The board may purchase from one or more insurers one or
11-19 more insurance policies that provide for the reimbursement of a
11-20 trustee or employee of the pension system for liability imposed as
11-21 damages caused by, and for costs and expenses incurred by the
11-22 individual in defense of, an alleged act, error, or omission
11-23 committed by the individual in the individual's capacity as a
11-24 fiduciary or employee of the pension system. The board may not
11-25 purchase an insurance policy that provides for the reimbursement of
11-26 a trustee or employee of the pension system due to the trustee's or
11-27 employee's dishonesty, fraudulent breach of trust, lack of good
11-28 faith, intentional fraud or deception, or intentional failure to
11-29 act prudently.

11-30 (r) The board shall adopt a code or codes of ethics
11-31 consistent with Section 825.212, Government Code. In adopting or
11-32 amending a code or codes of ethics, the board may consider comments
11-33 on the policy from the city attorney of the city. The board shall:

11-34 (1) review the code or codes of ethics on an annual
11-35 basis and amend the code or codes as the board considers necessary;

11-36 (2) file a copy of the code or codes of ethics adopted
11-37 or amended in accordance with this subsection with the State
11-38 Pension Review Board; and

11-39 (3) provide a copy of the code or codes of ethics
11-40 adopted or amended in accordance with this subsection to the city
11-41 attorney.

11-42 (s) The board shall develop an Internet website designed to
11-43 give active members and pensioners access to the information
11-44 concerning the pension system and the individual's participation in
11-45 the pension system required by Section 802.106, Government Code, as
11-46 well as information concerning the financial health of the pension
11-47 system.

11-48 SECTION 1.06. Part 3, Article 6243a-1, Revised Statutes, is
11-49 amended by adding Sections 3.011, 3.012, and 3.013 to read as
11-50 follows:

11-51 Sec. 3.011. NOMINATIONS COMMITTEE. (a) Subject to
11-52 Subsection (b) of this section, the nominations committee consists
11-53 of:

11-54 (1) the executive director, who is a nonvoting member;
11-55 and

11-56 (2) the president, chair, or other executive head of
11-57 the following organizations or their successor organizations, or
11-58 that person's designee:

11-59 (A) the Dallas Black Firefighters Association;

11-60 (B) the Black Police Association of Greater
11-61 Dallas;

11-62 (C) the National Latino Law Enforcement
11-63 Organization;

11-64 (D) the Dallas Fraternal Order Police Lodge 588;

11-65 (E) the Dallas Police Association;

11-66 (F) the Dallas Fire Fighters Association,
11-67 International Association of Fire Fighters Local No. 58;

11-68 (G) the Dallas Hispanic Firefighters
11-69 Association, Inc.;

12-1 (H) the Dallas Police Retired Officers
 12-2 Association;
 12-3 (I) the Dallas Retired Firefighters Association;
 12-4 (J) the Retired Black Firefighters Association
 12-5 of Dallas; and
 12-6 (K) the Dallas Hispanic Retired Fire Fighters
 12-7 Association.

12-8 (b) If an organization described by Subsection (a)(2) of
 12-9 this section elects not to participate on the nominations
 12-10 committee, is prohibited from participating on the nominations
 12-11 committee under Subsection (g) of this section, or ceases to exist,
 12-12 the nominations committee members appointed under that subsection
 12-13 consist only of representatives of the remaining organizations, if
 12-14 any.

12-15 (c) The executive director shall serve as presiding officer
 12-16 of the nominations committee.

12-17 (d) The nominations committee shall meet at the call of the
 12-18 presiding officer.

12-19 (e) The nominations committee shall appoint trustees to the
 12-20 board in accordance with Sections 3.01(b)(2) and (b-3) of this
 12-21 article.

12-22 (f) A person serving on the nominations committee under
 12-23 Subsection (a)(2) of this section serves without compensation and
 12-24 may not be reimbursed for travel or other expenses incurred while
 12-25 conducting the business of the nominations committee. The
 12-26 executive director may not receive additional compensation for
 12-27 service on the nominations committee.

12-28 (g) An organization described by Subsection (a)(2) of this
 12-29 section may not participate on the nominations committee unless the
 12-30 organization is in good standing with the secretary of state, if
 12-31 applicable.

12-32 (h) Chapter 2110, Government Code, does not apply to the
 12-33 nominations committee.

12-34 (i) The nominations committee may establish policies and
 12-35 procedures governing its operations.

12-36 Sec. 3.012. REMOVAL OF TRUSTEES. (a) In accordance with
 12-37 procedures adopted by board rule, a trustee:

12-38 (1) appointed under Section 3.01(b)(1) of this article
 12-39 may be removed by the mayor for cause; and

12-40 (2) appointed or elected under Section 3.01(b)(2),
 12-41 (3), or (4) of this article may be removed by the nominations
 12-42 committee for cause.

12-43 (b) It is a cause for removal of a trustee from the board
 12-44 that the trustee:

12-45 (1) does not have at the time of taking office the
 12-46 qualifications required by Section 3.01(b) or (b-1)(1) of this
 12-47 article, subject to Subsection (b-3) of that section;

12-48 (2) does not maintain during service on the board the
 12-49 qualifications required by Section 3.01(b) or (b-1)(1) of this
 12-50 article, subject to Subsection (b-3) of that section;

12-51 (3) is ineligible for membership under Section
 12-52 3.01(b-1)(2) or (b-2) of this article; or

12-53 (4) is absent from more than 40 percent of the meetings
 12-54 that the trustee is eligible to attend during a calendar year
 12-55 without an excuse approved by a majority vote of the board.

12-56 (c) The validity of an action of the board is not affected by
 12-57 the fact that it is taken when a cause for removal of a trustee
 12-58 exists.

12-59 (d) If the executive director has knowledge that a potential
 12-60 cause for removal exists, the executive director shall notify the
 12-61 chairman of the board of the potential cause. The chairman shall
 12-62 then notify the appointing or nominating official or body, as
 12-63 appropriate, that a potential cause for removal exists. If the
 12-64 potential cause for removal involves the chairman, the executive
 12-65 director shall notify the vice chairman or next highest ranking
 12-66 officer of the board, who shall then notify the appointing or
 12-67 nominating official or body, as appropriate, that a potential cause
 12-68 for removal exists.

12-69 Sec. 3.013. TRUSTEE TRAINING. (a) A person who is

13-1 appointed or elected to the board and qualifies for office as a
 13-2 trustee shall complete a training program that complies with this
 13-3 section.

13-4 (b) The training program must provide the person with
 13-5 information regarding:

13-6 (1) the law governing the pension system's operations;
 13-7 (2) the programs, functions, rules, and budget of the
 13-8 pension system;

13-9 (3) the scope of and limitations on the rulemaking
 13-10 authority of the board;

13-11 (4) the results of the most recent formal audit of the
 13-12 pension system;

13-13 (5) the requirements of:
 13-14 (A) laws relating to open meetings, public
 13-15 information, administrative procedure, and disclosing conflicts of
 13-16 interest; and

13-17 (B) other laws applicable to a trustee in
 13-18 performing the trustee's duties, including the board's fiduciary
 13-19 duties described under Section 3.01(a) of this article;

13-20 (6) the code or codes of ethics adopted under Section
 13-21 3.01(r) of this article and any applicable ethics policies adopted
 13-22 by the Texas Ethics Commission; and

13-23 (7) financial training regarding the risks of
 13-24 investing in alternative investments.

13-25 (c) The executive director shall create a training manual
 13-26 that includes the information required by Subsection (b) of this
 13-27 section. The executive director shall distribute a copy of the
 13-28 training manual annually to each trustee. On receipt of the
 13-29 training manual, each trustee shall sign and submit to the
 13-30 executive director a statement acknowledging receipt of the
 13-31 training manual.

13-32 SECTION 1.07. Section 3.02, Article 6243a-1, Revised
 13-33 Statutes, is amended to read as follows:

13-34 Sec. 3.02. PROFESSIONAL CONSULTANTS. In addition to the
 13-35 authority of the board to employ the services of certain
 13-36 consultants set forth in this article, the board has the authority
 13-37 to employ the services of any professional consultant recommended
 13-38 by the executive director, including investment advisors and
 13-39 investment managers, whenever the services of the consultants
 13-40 [consultant] are considered necessary or desirable and in the best
 13-41 interests of the pension system, as determined by the board in
 13-42 consultation with the executive director. A professional
 13-43 consultant shall receive such compensation as may be determined by
 13-44 the board in accordance with Section 4.01 of this article.

13-45 SECTION 1.08. Part 3, Article 6243a-1, Revised Statutes, is
 13-46 amended by adding Section 3.025 to read as follows:

13-47 Sec. 3.025. CHIEF INVESTMENT OFFICER. The executive
 13-48 director may hire a chief investment officer, subject to
 13-49 confirmation by the board, to assist the pension system regarding
 13-50 the investment of assets of the fund. Compensation for a chief
 13-51 investment officer hired under this section shall be made in
 13-52 accordance with Section 4.01 of this article.

13-53 SECTION 1.09. Section 3.03, Article 6243a-1, Revised
 13-54 Statutes, is amended by amending Subsections (b) and (c) and adding
 13-55 Subsection (b-1) to read as follows:

13-56 (b) Subject to Subsection (b-1) of this section, the [The]
 13-57 city attorney or an assistant city attorney may [shall] attend
 13-58 board [all] meetings [of the board] and may advise the board on any
 13-59 matter on which the pension system [board] requests a legal opinion
 13-60 from the city attorney.

13-61 (b-1) The city attorney or an assistant city attorney is not
 13-62 required to provide an opinion under Subsection (b) of this section
 13-63 unless the opinion is requested by the city council on behalf of the
 13-64 pension system. The city attorney or assistant city attorney may
 13-65 decline to provide the opinion if the subject matter of the request
 13-66 is too dependent on disputed facts to permit a generalized opinion,
 13-67 as determined by the city attorney or assistant city attorney.

13-68 (c) The board may retain other attorneys to serve as legal
 13-69 advisors to [represent] the board [or to give advice]. The

14-1 executive director may hire a chief legal officer, subject to
 14-2 confirmation by the board, or other attorneys if necessary to carry
 14-3 out the business of the pension system. Compensation for a chief
 14-4 legal officer or other attorneys hired under this subsection shall
 14-5 be made in accordance with Section 4.01 of this article.

14-6 SECTION 1.10. Section 3.04, Article 6243a-1, Revised
 14-7 Statutes, is amended to read as follows:

14-8 Sec. 3.04. APPOINTMENT OF EXECUTIVE DIRECTOR
 14-9 ~~ADMINISTRATOR~~. (a) The board has the authority to appoint an
 14-10 executive director ~~administrator~~ to assist ~~carry out the~~
 14-11 ~~business of~~ the board with administering the pension system and
 14-12 ensure that records are kept ~~to keep a record~~ of the proceedings
 14-13 of the board. Subject to Subsection (a-1) of this section, a person
 14-14 appointed executive director under this section:

14-15 (1) must have, to the extent possible, relevant
 14-16 experience in managing a similarly situated business entity; and

14-17 (2) may not be a current or former trustee ~~The~~
 14-18 ~~administrator, in carrying out the business of the board within the~~
 14-19 ~~scope of the administrator's responsibility, may not be considered~~
 14-20 ~~a fiduciary with respect to the pension system].~~

14-21 (a-1) During any period in which the most recent actuarial
 14-22 valuation of the pension system indicates that the period needed to
 14-23 amortize the unfunded actuarial accrued liability of the pension
 14-24 system exceeds 35 years, the board shall, to the extent lapsed
 14-25 investments are a significant portion of the pension system's
 14-26 assets, ensure that the executive director appointed under
 14-27 Subsection (a) of this section has, or hires staff that has,
 14-28 appropriate experience in managing a business entity with lapsed
 14-29 investments in a manner that resulted in the improved liquidity or
 14-30 profitability of the business entity.

14-31 (b) Subject to Subsections (b-1) and (b-3) of this section
 14-32 ~~the approval of the board~~, the executive director ~~administrator~~
 14-33 may select any number of persons the executive director determines
 14-34 appropriate to assist the executive director in carrying out the
 14-35 executive director's duties under this section. Subject to Section
 14-36 4.01 of this article, the titles and salaries of persons selected to
 14-37 assist the executive director shall be determined by the executive
 14-38 director.

14-39 (b-1) The executive director may not select a person to
 14-40 assist the executive director who is an active, former, or retired
 14-41 police officer or fire fighter of the city ~~administrator~~.

14-42 (b-2) The executive director shall establish the
 14-43 organizational structure of pension system employees to optimize
 14-44 administration of the pension system.

14-45 (b-3) A former or retired employee of the city may not
 14-46 before the third anniversary of the first day of the month following
 14-47 the date the person terminated employment with the city serve the
 14-48 pension system in any capacity other than as a trustee. Except as
 14-49 specifically provided by this article or other law, an employee of
 14-50 the city may not serve the pension system in any capacity other than
 14-51 as a trustee.

14-52 (c) The executive director ~~Both the administrator~~ and
 14-53 those persons selected to assist the executive director
 14-54 ~~administrator~~ may be considered employees of the city. Unless
 14-55 otherwise delegated to the executive director ~~administrator~~, the
 14-56 board shall have the ultimate authority to retain, discipline, or
 14-57 terminate the engagement of the executive director.

14-58 (d) The executive director owes a fiduciary duty to the
 14-59 pension system and shall ensure the sustainability of the pension
 14-60 system for the purpose of providing current and future benefits to
 14-61 members of the pension system and their beneficiaries ~~any persons~~
 14-62 ~~selected under this subsection].~~

14-63 SECTION 1.11. Sections 4.01(a), (c), and (d), Article
 14-64 6243a-1, Revised Statutes, are amended to read as follows:

14-65 (a) The board shall pay for all costs of administration out
 14-66 of the income from the fund when in the judgment of the board the
 14-67 costs are necessary, including the cost of:

14-68 (1) salaries and benefits for the executive director
 14-69 ~~of the administrator, assistant administrator,~~ and

15-1 administrative staff;

15-2 (2) ~~[7]~~ office expenses;

15-3 (3) expenses associated with securing~~[7]~~ adequate

15-4 office space and associated utilities;

15-5 (4) compensation for ~~[, and]~~ professional

15-6 consultants, professional investment managers, or other persons

15-7 providing professional services; and

15-8 (5) any other expenses approved by the board~~[, out of~~

15-9 income from the fund when it is actuarially determined that the

15-10 payments will not have an adverse effect on the payment of benefits

15-11 from any of the plans within the pension system and when in the

15-12 judgment of the board the costs are necessary]. ~~[The city shall~~

15-13 provide for costs of administration if the board determines that

15-14 payment of the costs by the fund will have an adverse effect on the

15-15 payment of benefits from any plan within the pension system.]

15-16 (c) No expenditure for the costs of administration,

15-17 including the ~~[or]~~ payment of any fee for professional consultants,

15-18 professional investment management services, or any other person

15-19 providing professional services, may be made from the fund without

15-20 the approval of the board.

15-21 (d) After the board has developed an annual budget for the

15-22 pension system, the budget shall be presented to the city manager

15-23 ~~[city's budget office]~~ for comment. The city manager ~~[city's budget~~

15-24 ~~office]~~ may request the board to reconsider the appropriation for

15-25 any expenditure at a board meeting, but the board shall make the

15-26 final determination concerning any appropriation.

15-27 SECTION 1.12. Sections 4.02(b), (d), and (e), Article

15-28 6243a-1, Revised Statutes, are amended to read as follows:

15-29 (b) Funds contributed by the city as its share of the amount

15-30 required to finance the payment of benefits under the pension

15-31 system may be used for no other purpose. The city is not

15-32 responsible for the payment of any administrative or professional

15-33 service fees of the pension system. Any change to the ~~[The]~~

15-34 contributions required to be made to the pension system by the city

15-35 ~~[shall be annually appropriated by the city council and~~

15-36 ~~periodically paid on the basis of a percentage of the total wages~~

15-37 ~~and salaries of the members of the police and fire departments who~~

15-38 ~~are members of each of the plans within the pension system. The~~

15-39 ~~amount of this percentage and any change in it]~~ may ~~[be determined]~~

15-40 only be made:

15-41 (1) by the legislature; ~~[or]~~

15-42 (2) by a majority vote of the voters of the city; or

15-43 (3) in accordance with a written agreement entered

15-44 into between the pension system, by a two-thirds vote of all

15-45 trustees of the board, and the city, provided that a change made in

15-46 accordance with this subdivision may not increase the period

15-47 required to amortize the unfunded actuarial accrued liability of

15-48 the fund.

15-49 (d) Subject to Section 4.025 of this article, the city shall

15-50 make contributions to the pension system biweekly in an amount

15-51 equal to the sum of:

15-52 (1) the greater of:

15-53 (A) 34.5 percent of the aggregate computation pay

15-54 paid to members during the period for which the contribution is

15-55 made; or

15-56 (B) except as provided by Section 4.021(b)(1) of

15-57 this article, the applicable amount set forth below:

15-58 (i) \$5,173,000 for the biweekly pay periods

15-59 beginning with the first biweekly pay period that begins after

15-60 September 1, 2017, and ends on the last day of the first biweekly

15-61 pay period that ends after December 31, 2017;

15-62 (ii) \$5,344,000 for the 26 biweekly pay

15-63 periods immediately following the last biweekly pay period

15-64 described by Subparagraph (i) of this paragraph;

15-65 (iii) \$5,571,000 for the 26 biweekly pay

15-66 periods immediately following the last biweekly pay period

15-67 described by Subparagraph (ii) of this paragraph;

15-68 (iv) \$5,724,203 for the 26 biweekly pay

15-69 periods immediately following the last biweekly pay period

16-1 described by Subparagraph (iii) of this paragraph;
 16-2 (v) \$5,882,000 for the 26 biweekly pay
 16-3 periods immediately following the last biweekly pay period
 16-4 described by Subparagraph (iv) of this paragraph;
 16-5 (vi) \$6,043,000 for the 26 biweekly pay
 16-6 periods immediately following the last biweekly pay period
 16-7 described by Subparagraph (v) of this paragraph;
 16-8 (vii) \$5,812,000 for the 26 biweekly pay
 16-9 periods immediately following the last biweekly pay period
 16-10 described by Subparagraph (vi) of this paragraph;
 16-11 (viii) \$6,024,000 for the 26 biweekly pay
 16-12 periods immediately following the last biweekly pay period
 16-13 described by Subparagraph (vii) of this paragraph through the
 16-14 biweekly pay period that ends after December 31, 2024; and
 16-15 (ix) \$0 for each subsequent biweekly pay
 16-16 period beginning with the first biweekly pay period following the
 16-17 last biweekly pay period described by Subparagraph (viii) of this
 16-18 paragraph; and

16-19 (2) except as provided by Subsection (e) of this
 16-20 section or Section 4.021(b)(2) of this article, an amount equal to
 16-21 1/26th of \$11 million. [The percentage of required contributions
 16-22 from the city shall be in accordance with the following schedule and
 16-23 any increase or decrease in city contributions shall occur
 16-24 automatically on any increases or decreases in the members'
 16-25 contribution percentage.

<u>[City Contributions</u>	<u>Member Contributions</u>
16-26 <u>28-1/2%</u>	16-26 <u>9%</u>
16-27 <u>27-1/2%</u>	16-27 <u>8-1/2%</u>
16-28 <u>26%</u>	16-28 <u>8%</u>
16-29 <u>24-1/2%</u>	16-29 <u>7-1/2%</u>
16-30 <u>23%</u>	16-30 <u>7%</u>
16-31 <u>21-1/2%</u>	16-31 <u>6-1/2%</u>

16-32 (e) The city is required to pay the contribution amount
 16-33 described by Subsection (d)(2) of this section only through the
 16-34 last biweekly pay period that ends after December 31, 2024 [may
 16-35 elect to contribute more than that required in the schedule
 16-36 provided by Subsection (d) of this section, except that the city's
 16-37 contribution percentage may not exceed 28-1/2 percent unless
 16-38 approved as provided by Subsection (b) of this section. Further, in
 16-39 no event may the city's contribution be less than 21-1/2 percent
 16-40 unless approved as provided by Subsection (b)].

16-41 SECTION 1.13. Part 4, Article 6243a-1, Revised Statutes, is
 16-42 amended by adding Sections 4.021 and 4.025 to read as follows:

16-43 Sec. 4.021. ALTERNATIVE CONTRIBUTION ON PASSAGE AND
 16-44 IMPLEMENTATION OF CERTAIN LEGISLATION. (a) This section applies
 16-45 only if:

16-46 (1) S.B. 2 or similar legislation of the 85th
 16-47 Legislature, Regular Session, 2017, that has the effect of lowering
 16-48 the rollback tax rate of the city as calculated under Chapter 26,
 16-49 Tax Code, is enacted and becomes law; and

16-50 (2) for the applicable tax year, the city:
 16-51 (A) adopts an ad valorem tax rate for the
 16-52 purposes of funding the city's contribution under Section
 16-53 4.02(d)(1) of this article that:

16-54 (i) exceeds the city's rollback tax rate as
 16-55 calculated under Chapter 26, Tax Code; but

16-56 (ii) does not exceed the city's rollback tax
 16-57 rate as that rate would have been calculated under that chapter as
 16-58 it existed immediately before the effective date of the legislation
 16-59 described by Subdivision (1) of this subsection; and

16-60 (B) is required to hold an election for either of
 16-61 the following purposes:

16-62 (i) to determine whether to reduce the tax
 16-63 rate adopted for the applicable tax year to the rollback tax rate
 16-64 calculated as provided by Chapter 26, Tax Code; or

16-65 (ii) to determine whether to approve the
 16-66 tax rate adopted for the applicable tax year.

16-67 (b) For purposes of Section 4.02 of this article, if a
 16-68 majority of the votes cast at an election described by Subsection
 16-69

17-1 (a)(2)(B)(i) of this section favor reducing the tax rate adopted
 17-2 for the applicable tax year to the rollback tax rate calculated as
 17-3 provided by Chapter 26, Tax Code, or a majority of the votes cast at
 17-4 an election described by Subsection (a)(2)(B)(ii) of this section
 17-5 do not favor the approval of the tax rate adopted for the applicable
 17-6 tax year, as applicable:

17-7 (1) the amounts prescribed by Section 4.02(d)(1)(B) of
 17-8 this article do not apply, and the applicable amounts under that
 17-9 paragraph for the 26 biweekly pay periods that begin after the date
 17-10 the official election result is determined are instead as set forth
 17-11 below:

17-12 (A) \$4,936,000 for each biweekly pay period that
 17-13 begins in the 2017 calendar year;

17-14 (B) \$4,830,000 for each biweekly pay period that
 17-15 begins in the 2018 calendar year;

17-16 (C) \$5,082,000 for each biweekly pay period that
 17-17 begins in the 2019 calendar year;

17-18 (D) \$5,255,000 for each biweekly pay period that
 17-19 begins in the 2020 calendar year;

17-20 (E) \$5,414,000 for each biweekly pay period that
 17-21 begins in the 2021 calendar year;

17-22 (F) \$5,600,000 for each biweekly pay period that
 17-23 begins in the 2022 calendar year;

17-24 (G) \$5,812,000 for each biweekly pay period that
 17-25 begins in the 2023 calendar year;

17-26 (H) \$6,024,000 for each biweekly pay period that
 17-27 begins in the 2024 calendar year; and

17-28 (I) \$0 for each subsequent biweekly pay period
 17-29 beginning with the biweekly pay period that begins in the 2025
 17-30 calendar year; and

17-31 (2) the amount prescribed by Section 4.02(d)(2) of
 17-32 this article is, except as provided by Section 4.02(e) of this
 17-33 article, \$5 million instead of \$11 million.

17-34 (c) After making contributions for 26 biweekly pay periods
 17-35 using the amounts prescribed by Subsection (b) of this section, the
 17-36 city shall make contributions using the amounts prescribed by
 17-37 Section 4.02(d) of this article unless Subsection (b) of this
 17-38 section again applies.

17-39 Sec. 4.025. CITY OR MEMBER CONTRIBUTIONS IF NO UNFUNDED
 17-40 ACTUARIAL LIABILITIES. Notwithstanding Section 4.02 or 4.03 of
 17-41 this article, if the pension system has no unfunded actuarial
 17-42 liability according to the most recent actuarial valuation, the
 17-43 annual normal costs must be equally divided between the city and the
 17-44 members unless equally dividing the costs would increase the member
 17-45 contribution rates beyond the rates prescribed by Section 4.03 of
 17-46 this article. The board shall adjust the city contribution rates
 17-47 under Section 4.02 of this article and the member contribution
 17-48 rates under Section 4.03 of this article accordingly, and certify
 17-49 the adjusted rates. After the completion of a subsequent actuarial
 17-50 valuation showing unfunded actuarial liabilities, the contribution
 17-51 rates applicable under Sections 4.02 and 4.03 of this article
 17-52 apply.

17-53 SECTION 1.14. Section 4.03, Article 6243a-1, Revised
 17-54 Statutes, is amended by amending Subsections (a), (b), (c), (d),
 17-55 and (g) and adding Subsections (a-1), (d-1), (d-2), and (i) to read
 17-56 as follows:

17-57 (a) Subject to Subsection (a-1) of this section and except
 17-58 as provided by Section 4.025 of this article, each ~~Each~~ Group A
 17-59 member of the combined pension plan shall have 13.5 ~~6.5~~ percent of
 17-60 base pay deducted from the member's wages on a biweekly basis ~~each~~
 17-61 ~~month~~, and the contributions shall be promptly remitted to the
 17-62 fund by the city.

17-63 (a-1) If a Group A member is assigned, for any period, to a
 17-64 job-sharing program or any similar work schedule that is considered
 17-65 by the member's department to be less than a full-time work
 17-66 schedule, the member's contributions are determined by multiplying
 17-67 the applicable contribution rate by a fraction, the numerator of
 17-68 which is the number of hours the member actually worked during the
 17-69 period and the denominator of which is the number of hours the

18-1 member would have worked during the period if the member had been
18-2 working a full-time work schedule.

18-3 (b) Each member shall ~~continue to~~ contribute to the fund
18-4 under the applicable terms of this article ~~section~~ until the
18-5 member leaves active service with either department. If a member
18-6 leaves active service with a department, ~~or until the beginning of~~
18-7 ~~the member's 33rd year of pension service, at which time~~ the member
18-8 shall cease making contributions.

18-9 (c) Each Group B member shall authorize the city to deduct
18-10 from the member's salary a percentage of the member's computation
18-11 pay. The authorization shall be in writing and filed with the
18-12 executive director ~~administrator~~.

18-13 (d) Subject to Subsection (d-1) of this section and except
18-14 as provided by Section 4.025 of this article, for pay periods
18-15 starting on or after September 1, 2017, each ~~Each~~ Group B member
18-16 shall have 13.5 ~~8.5~~ percent of the member's computation pay
18-17 deducted from the member's wages on a biweekly basis ~~each month,~~
18-18 and the contributions shall be promptly remitted to the fund by the
18-19 city.

18-20 (d-1) If a Group B member is assigned, for any period, to a
18-21 job-sharing program or any similar work schedule that is considered
18-22 by the member's department to be less than a full-time work
18-23 schedule, the member's contributions are determined by multiplying
18-24 the applicable contribution rate by a fraction, the numerator of
18-25 which is the number of hours the member actually worked during the
18-26 period and the denominator of which is the number of hours the
18-27 member would have worked during the period if the member had been
18-28 working a full-time work schedule.

18-29 (d-2) For purposes of Subsection (d) of this section,
18-30 "computation pay" includes computation pay paid to a Group B member
18-31 during any period the member is receiving workers' compensation.

18-32 (g) The percentage of base pay contributed by Group A
18-33 members or computation pay contributed by Group B members may not be
18-34 altered except by an adjustment under Section 4.025 ~~amendment~~
18-35 ~~pursuant to the terms of Section 4.02~~ of this article.

18-36 (i) Member contributions under this article or any payments
18-37 a member is entitled to make under this article to receive
18-38 additional pension service may be picked up by the city under the
18-39 terms of an appropriate resolution of the city council.

18-40 SECTION 1.15. Section 4.04, Article 6243a-1, Revised
18-41 Statutes, is amended by amending Subsections (a), (c), (d), (e),
18-42 (f), (g), (h), (j), and (k) and adding Subsections (f-1) and (h-1)
18-43 to read as follows:

18-44 (a) Except as provided by Subsection (d) or (e) of this
18-45 section, a [A] Group B member who, either voluntarily or
18-46 involuntarily, leaves active service is entitled to a refund from
18-47 the fund of the total amount of the member's Plan B and Group B
18-48 contributions, without interest, that were paid beginning with the
18-49 effective date of the member's Group B membership or membership in
18-50 Plan B. A refund under this subsection results in a total
18-51 cancellation of pension service credit and the member and any
18-52 person who would otherwise take by, through, or under the member is
18-53 not entitled to any benefits from the pension system [an
18-54 appropriate reduction of pension service].

18-55 (c) A ~~former~~ Group B member who desires [desiring]
18-56 refund of the Plan B or Group B contributions under Subsection (a)
18-57 of this section [the person made to the fund] must make written
18-58 application for the refund with the executive director
18-59 ~~administrator~~. In no case may any refund be made to a ~~any~~
18-60 ~~former~~ Group B member before the expiration of 30 days after the
18-61 date the person leaves active service.

18-62 (d) Subject to Subsection (k) of this section, if a Group B
18-63 member with less than five years of pension service either
18-64 voluntarily or involuntarily leaves active service and fails to
18-65 make written application for a refund of contributions within three
18-66 years after the date of the notice described by Subsection (j) of
18-67 this section ~~is~~ made by the board, the person forfeits the right
18-68 to withdraw any portion of the contribution, and the total amount of
18-69 Plan B and Group B contributions the person made will remain in the

19-1 fund. If the Group B member described by this subsection dies after
 19-2 leaving active service, the ~~[person's heirs or, if there are no~~
 19-3 ~~heirs, the]~~ deceased member's designee [estate] may apply for the
 19-4 refund of the person's contributions, resulting in an appropriate
 19-5 loss of pension service if the application is filed with the
 19-6 executive director [administrator] within three years after the
 19-7 date of the notice described by Subsection (j) of this section [~~is~~]
 19-8 made by the board. Subject to Subsection (k) of this section, if a
 19-9 Group B member's designee [heirs or estate] fails to apply for a
 19-10 refund of the Group B member's contributions within the three-year
 19-11 period described by this subsection, the designee forfeits [~~heirs~~
 19-12 ~~and the estate forfeit]~~ any right to the contributions, and the
 19-13 total amount of the Plan B and Group B contributions made by the
 19-14 Group B member will remain in the fund.

19-15 (e) Subject to Subsection (k) of this section, if a Group B
 19-16 member with five or more years of pension service either
 19-17 voluntarily or involuntarily leaves active service and fails to
 19-18 make written application for a refund of the person's Plan B and
 19-19 Group B contributions within three years after the date of the
 19-20 notice described by Subsection (j) of this section [~~is~~] made by the
 19-21 board, the person forfeits the right to withdraw any portion of the
 19-22 contributions, and the total amount of the contributions will
 19-23 remain in the fund. A Group B member described by this subsection
 19-24 may, however, apply for a Group B retirement pension [benefits]
 19-25 under Section 6.02 of this article or, if the Group B member dies
 19-26 before the member is eligible to apply for a Group B retirement
 19-27 pension, the member's qualified survivors [~~benefits, the person's~~
 19-28 ~~heirs or, if there are no heirs, the deceased member's estate]~~ may
 19-29 apply for Group B death benefits under Sections 6.06, 6.061, 6.062,
 19-30 and 6.063 of this article. If the Group B member dies before the
 19-31 member is eligible to apply for a Group B retirement pension and the
 19-32 member has no qualified survivors, the Group B member's designee
 19-33 [~~in accordance with the provisions of this article, or the heirs or~~
 19-34 ~~the estate]~~ may apply for a refund of the Group B member's Plan B and
 19-35 Group B contributions, resulting in a total cancellation [an
 19-36 appropriate loss] of pension service. Subject to Subsection (k) of
 19-37 this section, if a Group B member's designee [heirs or estate] fails
 19-38 to apply for a refund of the Group B and Plan B member's
 19-39 contributions within the three-year period described by this
 19-40 subsection, the designee forfeits [~~heirs and the estate forfeit]~~
 19-41 any right to the contributions, and the total amount of the Plan B
 19-42 and Group B contributions made by the Group B member will remain in
 19-43 the fund.

19-44 (f) Subject to Subsections (g) and (h) of this section, [~~If~~
 19-45 a Group B member, other than a Group B member who elects or has
 19-46 elected to receive a Group A benefit or a benefit determined under
 19-47 the old plan or Plan A, who [~~with five or more years of pension~~
 19-48 ~~service]~~ either voluntarily or involuntarily leaves active service
 19-49 with five or more years of pension service [~~, the person]~~ is
 19-50 entitled to:

19-51 (1) subject to Subsection (f-1) of this section, have
 19-52 the total amount of the person's Plan B and Group B contributions to
 19-53 the fund refunded in accordance with Subsection (a) of this
 19-54 section, which results in a loss of all of the person's accrued
 19-55 pension service; or

19-56 (2) if the Group B member first entered active service
 19-57 before January 1, 1999, elect to take a refund of less than the
 19-58 total amount of the person's Plan B and Group B contributions while
 19-59 leaving a sufficient amount to retain pension service amounting to
 19-60 five or more years.

19-61 (f-1) A Group B member who elects to receive a refund under
 19-62 Subsection (f)(1) of this section and any person who would
 19-63 otherwise take by, through, or under the member is not entitled to
 19-64 any benefits from the pension system.

19-65 (g) If a Group B member elects a refund of a portion of the
 19-66 person's contributions under Subsection (f)(2) of this section, the
 19-67 amount of the refund shall equal the total amount of the person's
 19-68 Plan B and Group B annual contributions, without interest, for each
 19-69 full year of pension service canceled [~~cancelled~~], computed based

20-1 on the earliest contributions made.

20-2 (h) A ~~former~~ Group B member who first entered active
 20-3 service on or after January 1, 1999, is entitled to have the total
 20-4 amount of the person's Group B contributions refunded under
 20-5 Subsection (a) of this section in accordance with Subsection (f)(1)
 20-6 of this section, but may not receive a refund of less than the total
 20-7 amount in accordance with Subsection (f)(2) of this section.

20-8 (h-1) A Group B member who leaves active service and later
 20-9 returns to active service is permitted to repay to the fund any
 20-10 previously withdrawn employee contributions and receive pension
 20-11 service in accordance with Section 5.07(d) of this article as a
 20-12 Group B member to the extent that ~~if~~ before again leaving active
 20-13 service, the Group B member repays ~~completely~~ to the fund the
 20-14 previously withdrawn contributions with interest, calculated at
 20-15 the interest rate from time to time used in the pension system's
 20-16 actuarial rate of return assumptions, compounded annually, on the
 20-17 previously withdrawn contributions ~~for the period from the date~~
 20-18 ~~the contributions were withdrawn until the date the principal and~~
 20-19 ~~accrued interest are repaid in full~~.

20-20 (j) On the 58th ~~50th~~ anniversary of the birth of a Group B
 20-21 member described by Subsection (d) or (e) of this section, or on the
 20-22 board's receipt of notice of the death of the Group B member, the
 20-23 board shall, by registered or certified mail, return receipt
 20-24 requested, attempt to notify the Group B member or designee ~~the~~
 20-25 ~~member's heirs or estate~~, as applicable, of the status of the
 20-26 person's ~~their~~ entitlement to a refund of contributions from the
 20-27 fund.

20-28 (k) A Group B member or designee described by Subsection (d)
 20-29 or (e) of this section ~~or the heirs or estate of the Group B member~~
 20-30 shall have the person's ~~their~~ right, title, interest, or claim to
 20-31 a refund of the Group B member's contributions reinstated only on
 20-32 the board's grant of their written request for a reinstatement and
 20-33 refund. The board's decision shall be based on a uniform and
 20-34 nondiscriminatory basis ~~policy that it shall, from time to time,~~
 20-35 ~~adopt~~.

20-36 SECTION 1.16. Section 4.06(c), Article 6243a-1, Revised
 20-37 Statutes, is amended to read as follows:

20-38 (c) The authority of the board to make a custody account or
 20-39 master trust agreement is supplementary to its authority to make an
 20-40 investment management contract. Allocation of assets to a custody
 20-41 account or master trust shall be coordinated by the executive
 20-42 director ~~administrator~~, as authorized by the board, and the bank
 20-43 designated as custodian or master trustee for the assets.

20-44 SECTION 1.17. Section 4.07, Article 6243a-1, Revised
 20-45 Statutes, is amended by amending Subsections (a), (d), and (g) and
 20-46 adding Subsection (h) to read as follows:

20-47 (a) Subject to Section 4.071 of this article, if ~~if~~ the
 20-48 board determines that there is in the fund a surplus exceeding a
 20-49 reasonably safe amount to take care of current demands on the
 20-50 pension system, the board may invest or direct the investment of the
 20-51 surplus for the sole benefit of the pension system.

20-52 (d) The board also has the authority to contract for
 20-53 professional investment management services. Any contract that the
 20-54 board makes with an investment manager shall set forth the board's
 20-55 investment policies and guidelines ~~of the board for the use of~~
 20-56 ~~standard rating services and shall include specific criteria for~~
 20-57 ~~determining the quality of investments~~. A professional investment
 20-58 management service shall receive such compensation as may be
 20-59 determined by the board in accordance with Section 4.01 of this
 20-60 article.

20-61 (g) A ~~No investment manager, other than a~~ bank or trust
 20-62 company that has custody and trustee powers and a contract with the
 20-63 board to provide assistance in making investments~~7~~ shall be the
 20-64 custodian or master trustee of any of the securities or other assets
 20-65 of the fund. Pursuant to Section 4.06 of this article, the board
 20-66 may designate a bank to serve as custodian or master trustee, or
 20-67 subcustodian or submaster trustee, to perform the customary duty of
 20-68 safekeeping as well as duties incident to the execution of
 20-69 transactions. As the demands of the pension system require, the

21-1 board shall withdraw from the custodian or master trustee money
 21-2 previously considered surplus in excess of current cash and
 21-3 proceeds from the sale of investments. The money may without
 21-4 distinction be used for the payment of benefits pursuant to each of
 21-5 the plans within the pension system and for other uses authorized by
 21-6 this article and approved by the board.

21-7 (h) The board through policy shall establish an investment
 21-8 advisory committee composed of trustees and outside investment
 21-9 professionals to review investment related matters as prescribed by
 21-10 the board and make recommendations to the board. A majority of the
 21-11 members of the committee established under this subsection must be
 21-12 outside investment professionals.

21-13 SECTION 1.18. Part 4, Article 6243a-1, Revised Statutes, is
 21-14 amended by adding Section 4.071 to read as follows:

21-15 Sec. 4.071. BOARD APPROVAL OF CERTAIN ALTERNATIVE
 21-16 INVESTMENTS. (a) The executive director, an investment manager, a
 21-17 provider of professional investment management services or
 21-18 professional advisory services, or any other person delegated
 21-19 authority to invest or reinvest pension system assets under this
 21-20 article may not invest pension system assets in a single
 21-21 alternative investment unless the board votes to approve the
 21-22 investment by a two-thirds vote of all the trustees.

21-23 (b) The board may adopt rules necessary to implement this
 21-24 section.

21-25 SECTION 1.19. Section 4.08, Article 6243a-1, Revised
 21-26 Statutes, is amended by adding Subsection (c) to read as follows:

21-27 (c) On written request by the city, the executive director
 21-28 shall make available to the city's actuary or auditor the
 21-29 information and documents provided to or used by the pension
 21-30 system's actuary or auditor in conducting an actuarial valuation
 21-31 under this article or preparing any other document prepared under
 21-32 this article.

21-33 SECTION 1.20. Section 4.09, Article 6243a-1, Revised
 21-34 Statutes, is amended to read as follows:

21-35 Sec. 4.09. REWARDS, DONATIONS, AND CONTRIBUTIONS. Any
 21-36 reward, donation, or contribution given to any member as payment or
 21-37 gratuity for service performed in the line of duty shall be turned
 21-38 over to the chief of the member's department, who shall, in turn,
 21-39 forward the reward, donation, or contribution to the executive
 21-40 director [administrator] of the pension system for deposit in the
 21-41 fund.

21-42 SECTION 1.21. Section 5.01, Article 6243a-1, Revised
 21-43 Statutes, is amended to read as follows:

21-44 Sec. 5.01. MEMBERSHIP IN COMBINED PENSION PLAN. (a) Except
 21-45 as provided by Subsection (a-1) of this section, the [The]
 21-46 membership of the combined pension plan is composed of the
 21-47 following persons:

21-48 (1) Group A members:

21-49 (A) police officers or fire fighters who are on
 21-50 active service and who as of February 28, 1973, had filed a written
 21-51 statement with the pension system of their desire to participate in
 21-52 either the old plan or Plan A;

21-53 (B) police officers and fire fighters who are on
 21-54 active service and [7] who were employed and receiving compensation
 21-55 from the city as a police officer or a fire fighter before March 1,
 21-56 1973, and who made contributions to either the old plan or Plan A
 21-57 attributable to any period of employment before March 1, 1973; and

21-58 (C) except as provided by Subsection (b) of this
 21-59 section, persons who elect to become Group A members under that
 21-60 subsection; and

21-61 (2) Group B members:

21-62 (A) police officers and fire fighters who are on
 21-63 active service and who [7] were formerly members of either the old
 21-64 plan or Plan A [7] and who, as of April 30, 1973, had filed a written
 21-65 statement with the pension system of their desire to participate in
 21-66 Plan B;

21-67 (B) police officers and fire fighters who are on
 21-68 active service and who on or after March 1, 1973, and before January
 21-69 1, 1993, became members of Plan B;

22-1 (C) as a condition of employment, any police
 22-2 officer [office] or fire fighter who is initially employed as a
 22-3 police officer or a fire fighter by the city on or after January 1,
 22-4 1993;

22-5 (D) as a condition of return to active service
 22-6 and except as provided by Subsection (b) of this section, former
 22-7 members of the old plan or Plan A who left active service before
 22-8 March 1, 1973;

22-9 (E) as a condition of return to active service
 22-10 and except as provided by Subsection (c) of this section, former
 22-11 Group B members who are no longer on active service, whether or not
 22-12 the persons were ever a member of the old plan, Plan A, or the
 22-13 combined pension plan;

22-14 (F) Group A members who are on active service and
 22-15 meet the requirements and make an election under Subsection (d) of
 22-16 this section; and

22-17 (G) persons who are on active service and make an
 22-18 election under Subsection (e) of this section.

22-19 (a-1) Group A or Group B members do not include any employee
 22-20 of the city who is required by ordinance or who elects, in
 22-21 accordance with an ordinance, to participate in an alternative
 22-22 benefit plan established under Section 3.01(j-1)(2) of this article
 22-23 based on an evaluation under Section 3.01(j-5)(2) of this article.

22-24 (b) A person who has received an old plan, Plan A, or
 22-25 combined pension plan retirement or disability pension on or after
 22-26 March 1, 1973, may, if the person returns to active service, elect
 22-27 to participate as a Group A or Group B member by filing a written
 22-28 application for membership with the executive director
 22-29 [administrator] not later than 60 days after the date of return to
 22-30 active service. ~~[As a condition of either Group A or Group B~~
 22-31 ~~membership, the board may require the person to undergo a physical~~
 22-32 ~~examination and be certified by the health director as being~~
 22-33 ~~capable of performing the duties to which the person will be~~
 22-34 ~~assigned.]~~ If the person described by this subsection does not
 22-35 elect to become a Group A or Group B member, the person shall on
 22-36 leaving active service receive a retirement pension in an amount
 22-37 that is unadjusted for the period of return to active service if the
 22-38 person meets all of the requirements of Group A membership.

22-39 (c) A Group B pensioner who was never a member of the old
 22-40 plan, Plan A, or the combined pension plan before January 1, 1993,
 22-41 may, if the person returns to active service, elect to become a
 22-42 Group B member by filing a written application for membership with
 22-43 the executive director [administrator] not later than 60 days after
 22-44 the date of return to active service. ~~[As a condition of Group B~~
 22-45 ~~membership, the board may require the pensioner to undergo a~~
 22-46 ~~physical examination and be certified by the health director as~~
 22-47 ~~being capable of performing the duties to which the person will be~~
 22-48 ~~assigned.]~~ If the person described by this subsection does not
 22-49 elect to again become a Group B member, on leaving active service,
 22-50 if the person meets all applicable requirements of this article,
 22-51 the person shall receive benefits in an amount equal to the amount
 22-52 the person was receiving as of the day before the day the person
 22-53 returned to active service, and the person's base pension shall be
 22-54 the same as the base pension originally computed before the return
 22-55 to active service.

22-56 (d) A person who is on active service and is a Group A member
 22-57 may, before the person participates in DROP, irrevocably elect to
 22-58 become a Group B member by filing a written application with the
 22-59 executive director [administrator]. On and after the filing of the
 22-60 application, the Group A member shall make contributions to the
 22-61 fund at the rate applicable to Group B members. However, the
 22-62 contributions do not, by themselves, establish [constitute] Group B
 22-63 membership. Group B membership is contingent on the satisfaction
 22-64 of the following conditions:

22-65 (1) the [The] person must, before the person elects to
 22-66 participate in DROP, pay an amount to the fund equal to the
 22-67 difference between the contributions the person would have made to
 22-68 the fund had the person been a Group B member for the entire period
 22-69 the person could otherwise have been a Group B member before making

23-1 application for membership and the contributions the person
 23-2 actually made during that period, plus interest calculated in
 23-3 accordance with procedures adopted by the board from time to time;
 23-4 and[-]

23-5 (2) the [The] payments described by this subsection
 23-6 must be completed before the earlier of the date on which the person
 23-7 begins participation in DROP or leaves active service in accordance
 23-8 with procedures adopted by the board from time to time.

23-9 (d-1) If the fund does not receive payment under Subsection
 23-10 (d)(1) of this section by the [that] date prescribed by Subsection
 23-11 (d)(2) of this section, all payments made under Subsection (d)(1)
 23-12 of this section [of this type], as well as those contribution
 23-13 amounts paid by the person after the person's application for Group
 23-14 B membership that are in excess of the Group A member contribution
 23-15 rate, shall be returned without accrued interest to the person, or
 23-16 in the event of the person's death to the person's designee
 23-17 [surviving spouse, children, or estate], as applicable.

23-18 (e) A person who is on active service and has never been a
 23-19 member of any plan within the pension system may elect to become a
 23-20 Group B member on a prospective basis by filing a written
 23-21 application for membership with the executive director
 23-22 [administrator].

23-23 SECTION 1.22. Sections 5.02(a), (d), (e), (h), and (i),
 23-24 Article 6243a-1, Revised Statutes, are amended to read as follows:

23-25 (a) The effective date of Group B membership for a person
 23-26 who becomes a Group B member under [persons described by] Section
 23-27 5.01(a)(2)(A) or (B) of this article is the date the Group B member
 23-28 first became a member of Plan B [January 1, 1993].

23-29 (d) The effective date of Group B membership for a person
 23-30 [former Group B member] who again becomes a Group B member and is
 23-31 described by Section 5.01(a)(2)(E) of this article is the person's
 23-32 original effective date of Group B membership, adjusted for any
 23-33 period for which [that] the person was not on active service or [-
 23-34 if the person] has [not] withdrawn some, but not all, contributions
 23-35 to the fund pursuant to Section 4.04 of this article. If, however,
 23-36 the person withdraws [former Group B member has withdrawn] all
 23-37 contributions to the fund in accordance with Section 4.04 of this
 23-38 article, and the person does not replace the previously withdrawn
 23-39 contributions together with interest as provided by Section
 23-40 4.04(h-1) [4.04(h)] of this article, the effective date of the
 23-41 person's membership is the date of return to active service.

23-42 (e) The effective date of membership for a person who
 23-43 becomes a Group B member pursuant to Section 5.01(b) of this article
 23-44 is the date on which written application for the membership is filed
 23-45 with the executive director [administrator]. The effective date of
 23-46 membership for a person who becomes a Group A member pursuant to
 23-47 Section 5.01(b) of this article is the person's original effective
 23-48 date of membership in the old plan, Plan A, or the combined pension
 23-49 plan, whichever is applicable.

23-50 (h) A person described by Subsection (a), (c), (d), (e),
 23-51 (f), or (g) of this section shall be given full pension service for
 23-52 the time the person was a contributing member of the old plan, Plan
 23-53 A, the combined pension plan, and Plan B, and the pension service
 23-54 shall be counted as if it had been earned while a Group B member.
 23-55 Neither the length of time persons described by Subsection (a),
 23-56 (c), (d), (e), (f), or (g) of this section received a retirement or
 23-57 disability pension, whether under the old plan, Plan A, the
 23-58 combined pension plan or Plan B, nor the amount of any benefits paid
 23-59 to the person shall have any effect on the pension service earned by
 23-60 the person. No pension service may be earned while on service
 23-61 retirement or disability retirement, or when the person was not on
 23-62 active service. Except as provided by Sections 5.08 [5.02] and 5.09
 23-63 of this article, a person described by Subsection (a), (c), (d),
 23-64 (e), (f), or (g) of this section may not be allowed to contribute to
 23-65 the fund in order to receive pension service for the time the person
 23-66 was not on active service, regardless of whether the person was
 23-67 actually receiving a pension.

23-68 (i) The effective date of Group B membership for a person
 23-69 who becomes a Group B member pursuant to Section 5.01(e) of this

24-1 article is the date on which written application for Group B
24-2 membership is filed with the executive director [~~administrator~~].

24-3 SECTION 1.23. Section 5.03, Article 6243a-1, Revised
24-4 Statutes, is amended by amending Subsections (c) and (d) and adding
24-5 Subsection (c-1) to read as follows:

24-6 (c) A Group B member who is on active service and [~~or former~~
24-7 ~~Group B member who also~~] was a former contributing member of either
24-8 the old plan or Plan A may elect, when applying for either a
24-9 retirement or disability pension if applicable, to terminate
24-10 membership and receive a Group A retirement or disability pension
24-11 under the applicable provisions of this article, if the Group B
24-12 member's application for retirement or disability pension is
24-13 granted by the board.

24-14 (c-1) A Group B member who is not on active service and was a
24-15 former contributing member of either the old plan or Plan A may
24-16 elect, when applying for a retirement pension, to terminate
24-17 membership and receive a Group A retirement pension under the
24-18 applicable provisions of this article, if the Group B member's
24-19 application for retirement pension is granted by the board.

24-20 (d) If a Group B member [~~or former Group B member~~] described
24-21 by Subsection (c) or (c-1) of this section has elected and been
24-22 granted a Group A retirement or disability pension under the
24-23 applicable provisions of this article, the person is entitled to a
24-24 reimbursement from the fund. The reimbursement shall be equal to
24-25 that portion of the person's contributions to the fund, without
24-26 interest, from the person's effective date of Group B membership
24-27 until the time the person left active service[~~r~~] that is in excess
24-28 of the total amount the person would have contributed as a Group A
24-29 member or as a member of the old plan or Plan A for the same period.
24-30 A Group B member [~~or former Group B member~~] desiring a refund of
24-31 excess contributions must make written application for the refund
24-32 with the executive director [~~administrator~~] within three years
24-33 after the date the person's Group A retirement or disability
24-34 pension, whichever is applicable, begins, otherwise, the person
24-35 will [~~or~~] lose all right, title, interest, or claim to the refund
24-36 until such time as the board grants the refund in response to the
24-37 person's written request. The refund shall be made as soon as
24-38 practicable after written application is filed with the executive
24-39 director [~~administrator~~].

24-40 SECTION 1.24. Section 5.04, Article 6243a-1, Revised
24-41 Statutes, is amended to read as follows:

24-42 Sec. 5.04. GROUP B MEMBERSHIP MAY BE DECLARED INACTIVE. (a)
24-43 Except as provided by Subsection (d)(1) of this section, if [~~if~~] a
24-44 Group B member with less than five years of pension service either
24-45 voluntarily or involuntarily leaves active service, the person's
24-46 Group B membership remains active as long as the person has not
24-47 withdrawn the person's contributions pursuant to Section 4.04 of
24-48 this article.

24-49 (b) Except as provided by Subsection (d)(2) of this section,
24-50 if [~~if~~] a Group B member with five or more years of pension service
24-51 either voluntarily or involuntarily leaves active service, the
24-52 person's Group B membership remains active as long as the person has
24-53 not withdrawn the person's entire contributions pursuant to Section
24-54 4.04 of this article.

24-55 (c) Except as provided by Subsection (d)(3) of this section,
24-56 if [~~if~~] the board receives valid information that a Group B primary
24-57 party has died, [~~leaving one or more heirs,~~] the board shall, by
24-58 registered or certified mail, return receipt requested, attempt to
24-59 notify:

24-60 (1) the qualified survivors [~~heirs~~] of the primary
24-61 party of the procedures for applying and qualifying for death
24-62 [survivor] benefits under Section 6.06, 6.061, 6.062, or 6.063 of
24-63 this article; or

24-64 (2) if the primary party does not have any qualified
24-65 survivors, the primary party's designee of the procedures for
24-66 applying for [~~or~~] a refund of the [~~Group B~~] primary party's
24-67 contributions, if applicable, in accordance with Section 4.04 of
24-68 this article.

24-69 (d)(1) Subject to the provisions of Subdivision (5)(A) of

25-1 this subsection, the membership of a Group B member described by
 25-2 Subsection (a) of this section shall be declared inactive and all of
 25-3 the person's accrued pension service voided if the person does not
 25-4 return to active service within three years after the date of
 25-5 ~~[receiving]~~ the notice described by Subdivision (4) of this
 25-6 subsection.

25-7 (2) Subject to the provisions of Subdivision (5)(B) of
 25-8 this subsection, the membership of a Group B member described by
 25-9 Subsection (b) of this section shall be declared inactive and all of
 25-10 the person's accrued pension service voided if the person does not
 25-11 file an application for a Group B retirement pension with the board
 25-12 within three years after the date of ~~[receiving]~~ the notice
 25-13 described by Subdivision (4) of this subsection.

25-14 (3) Subject to the provisions of Subdivision (5)(C) of
 25-15 this subsection, if a primary party described by Subsection (c) of
 25-16 this section:

25-17 (A) does not have any qualified survivors, the
 25-18 designee has ~~[, the heirs or estate of a deceased primary party~~
 25-19 ~~described by Subsection (c) of this section have]~~ no right, title,
 25-20 interest, or claim for ~~[benefits or]~~ a refund of the primary party's
 25-21 contributions to the fund~~[,]~~ if the designee does not file an
 25-22 application for the primary party's contributions within three
 25-23 years after the date of the notice described in Subsection (c) of
 25-24 this section; or

25-25 (B) has qualified survivors, the qualified
 25-26 survivors have no right, title, interest, or claim to ~~[heirs or the~~
 25-27 ~~estate, whichever is applicable, fails to file an application for]~~
 25-28 the primary party's death benefits if the qualified survivor does
 25-29 not file an application for the benefits ~~[or contributions]~~ within
 25-30 three years after the date of ~~[receiving]~~ the notice described in
 25-31 Subsection (c) ~~[by Subdivision (4)]~~ of this section ~~[subsection].~~

25-32 (4) On the 58th ~~[50th]~~ anniversary of the birth of a
 25-33 Group B member described by Subsection (a) or (b) of this section
 25-34 ~~[or on the board's receipt of notice of the death of a primary party~~
 25-35 ~~described by Subsection (c) of this section],~~ the board shall, by
 25-36 registered or certified mail, return receipt requested, attempt to
 25-37 notify:

25-38 (A) the ~~[Group B]~~ member ~~[or the heirs or estate~~
 25-39 ~~of a primary party, whichever is applicable,]~~ of the status of the
 25-40 member's ~~[their]~~ entitlement to benefits or contributions from the
 25-41 fund; or

25-42 (B) if the board receives valid information that
 25-43 the member has died, the qualified survivors of the deceased person
 25-44 or, if none exists, the designee of the deceased person.

25-45 (5)(A) A Group B member described by Subdivision (1)
 25-46 of this subsection shall have the person's Group B membership and
 25-47 pension service reinstated on the person's return to active
 25-48 service.

25-49 (B) A Group B member described by Subdivision (2)
 25-50 of this subsection shall have the person's Group B membership and
 25-51 pension service reinstated on the person's return to active service
 25-52 or on the grant of the person's written request to the board of the
 25-53 person's desire to apply for a Group B ~~[service]~~ retirement pension
 25-54 under Section 6.02 of this article ~~[benefit].~~

25-55 (C) A primary party's qualified survivors or
 25-56 designee, as appropriate, ~~[The heirs or estate of a primary party]~~
 25-57 described by Subdivision (3) of this subsection shall have their
 25-58 right, title, interest, or claim to the primary party's refund of
 25-59 the party's contributions reinstated on the board's grant of their
 25-60 written request ~~[for the reinstatement and refund].~~ ~~[The board's~~
 25-61 ~~decision shall be based on a uniform and nondiscriminatory policy~~
 25-62 ~~that it shall, from time to time, adopt.]~~

25-63 SECTION 1.25. Section 5.05, Article 6243a-1, Revised
 25-64 Statutes, is amended to read as follows:

25-65 Sec. 5.05. PENSION SERVICE. (a) Subject to Subsection (d)
 25-66 of this section and except as provided by Subsection (e) of this
 25-67 section, a [A] member shall receive pension service for the time,
 25-68 computed in years and fractional years for months and days,
 25-69 completed as a member of the combined pension plan, the old plan,

26-1 Plan A, or Plan B.

26-2 (b) A member who elects to pay contributions for time spent
 26-3 on military leave, authorized non-uniformed leave of absence, or
 26-4 for an apprenticeship or probationary period, or for any other
 26-5 reason provided for by this article may ~~[not]~~ receive ~~[any]~~ pension
 26-6 service for ~~[any part of]~~ the time for which the member is
 26-7 contributing only to the extent provided under Section 5.07(d),
 26-8 5.08, or 5.09 of this article ~~[until the entire amount due the fund~~
 26-9 ~~for the entire period involved has been paid as if the service were~~
 26-10 ~~performed as a member].~~

26-11 (c) If a member, either voluntarily or involuntarily,
 26-12 leaves active service and later returns to active service, the
 26-13 person shall receive full pension service for the period of the
 26-14 person's original membership, if the person did not withdraw the
 26-15 person's contributions pursuant to Section 4.04 of this article.
 26-16 If, however, the member had withdrawn the person's contributions
 26-17 and did [does] not replace the previously withdrawn contributions
 26-18 ~~[with interest]~~ as required by Section 4.04 of this article, the
 26-19 member ~~[person]~~ forfeits any pension service attributable to any
 26-20 period of time for which the respective contributions were not
 26-21 repaid ~~[accrued while a member before the date of the person's~~
 26-22 ~~return to active service].~~

26-23 (d) If a member is assigned, for any period, to a
 26-24 job-sharing program or any similar work schedule that is considered
 26-25 by the member's department to be less than a full-time work
 26-26 schedule, the member's pension service is determined by multiplying
 26-27 the pension service that could have been earned for full-time work
 26-28 during the period by a fraction, the numerator of which is the
 26-29 number of hours the member actually worked during the period and the
 26-30 denominator of which is the number of hours the member would have
 26-31 worked during the period if the member had been working a full-time
 26-32 work schedule. This proration may not affect the computation of
 26-33 pension service for a member during any period the member is on
 26-34 leave:

26-35 (1) because of an illness or injury; or
 26-36 (2) receiving periodic payments of workers'
 26-37 compensation.

26-38 (e) Notwithstanding any other provision in this section, a
 26-39 member may not receive pension service attributable to nonqualified
 26-40 service to the extent the pension service would result in either
 26-41 more than five years of permissive service attributable to
 26-42 nonqualified service being taken into account, or any permissive
 26-43 service being taken into account before the member has completed at
 26-44 least five years of active service. In this subsection,
 26-45 "permissive service" and "nonqualified service" have the meanings
 26-46 described by Section 415(n)(3) of the code.

26-47 SECTION 1.26. Sections 5.06, 5.07, 5.08, and 5.09, Article
 26-48 6243a-1, Revised Statutes, are amended to read as follows:

26-49 Sec. 5.06. VESTED RIGHTS OF GROUP B MEMBERS. (a) If a Group
 26-50 B member accrues five years of pension service, whether the pension
 26-51 service is accrued while a Group B member or while a member of the
 26-52 old plan, Plan B, Plan A, the combined pension plan, or a
 26-53 combination of the plans, the Group B member has vested rights and
 26-54 is eligible to apply for a retirement pension in accordance with
 26-55 Section 6.02 of this article.

26-56 (b) If a Group B member has vested rights as determined
 26-57 under Subsection (a) of this section, and the Group B member either
 26-58 voluntarily or involuntarily leaves active service before becoming
 26-59 eligible to receive any benefits under Section 6.02 of this
 26-60 article, the person shall be provided with a letter approved by the
 26-61 board and signed by the executive director ~~[administrator]~~ that,
 26-62 barring unrepaid refunds, clerical error, miscalculation, or other
 26-63 error, is incontestable and shall state:

26-64 (1) the total amount of pension service the Group B
 26-65 member had accrued until the date the person left active service;

26-66 (2) the total amount of contributions the Group B
 26-67 member made under the terms of Plan B and the combined pension plan;
 26-68 and

26-69 (3) the monthly retirement pension due the Group B

27-1 member at age 58 ~~[50]~~.

27-2 Sec. 5.07. PURCHASE OF PENSION SERVICE BY GROUP B MEMBERS.

27-3 (a) A Group B member who is on active service and has previously
 27-4 elected not to become a contributing member of the old plan or ~~[and]~~
 27-5 Plan A may purchase pension service from the fund for that period
 27-6 during which the member performed active service with either
 27-7 department until the effective date of the member's Group B
 27-8 membership. No pension service may be given to the Group B member
 27-9 except to the extent that ~~[until]~~ payment is made for the ~~[entire~~
 27-10 period described by this subsection, and no] pension service in
 27-11 accordance with Subsection (d) of this section ~~[may be purchased~~
 27-12 for any period that is of greater or lesser length].

27-13 (b) Payment for the purchase of pension service under
 27-14 Subsection (a) of this section shall be equal to the amount of
 27-15 contributions the Group B member would have made to the old plan and
 27-16 Plan A had the member been a contributing member of either of the
 27-17 plans during the period for which the pension service is being
 27-18 purchased ~~[described by Subsection (a) of this section]~~, plus
 27-19 interest calculated in accordance with procedures adopted by the
 27-20 board from time to time.

27-21 (c) Subject to Subsection (d) of this section, a [A] Group B
 27-22 member who is on active service may repay the fund all or a portion
 27-23 of the employee contributions withdrawn by an alternate payee
 27-24 pursuant to the terms of a qualified domestic relations order ~~[and~~
 27-25 receive pension service as a Group B member attributable to the
 27-26 contributions, if the Group B member repays completely to the fund
 27-27 the withdrawn contributions] with interest, calculated at the
 27-28 interest rate from time to time used in the pension system's
 27-29 actuarial rate of return assumptions, compounded annually, on the
 27-30 contributions for the period from the date the contributions were
 27-31 withdrawn until the date the principal and accrued interest are
 27-32 repaid, and receive pension service as a Group B member, in
 27-33 accordance with Subsection (d) of this section, for the period for
 27-34 which the contributions and interest were paid ~~[in full]~~.

27-35 (d) ~~[No pension service may be given to a Group B member~~
 27-36 ~~under Subsection (b) or (c) of this section until the entire amount~~
 27-37 ~~described by Subsection (b) or (c) has been paid to the fund.]~~ If
 27-38 payment of the entire amount of pension service a member is entitled
 27-39 to under Subsection (a) or (c) of this section or under Section
 27-40 4.04(h-1) of this article is not completed by the earlier of the
 27-41 date the Group B member begins participation in DROP or the date the
 27-42 member ~~[is not completed by the date the Group B member]~~ leaves
 27-43 active service, pension service will be provided only for the
 27-44 number of full years of pension service that the contributions and
 27-45 interest paid under those provisions will purchase, computed based
 27-46 on the most recent years for which the member was entitled to
 27-47 purchase pension service. Except for pension service that is
 27-48 picked up by the city under the authority of Section 414(h)(2) of
 27-49 the code, a fractional year of pension service may be purchased only
 27-50 if less than a full year of pension service is available for
 27-51 purchase.

27-52 (e) The amounts paid but insufficient to purchase one or
 27-53 more whole years of pension service that remain available for
 27-54 purchase, including any interest paid by the Group B member, must be
 27-55 returned to the Group B member or, if the Group B member has died, to
 27-56 the Group B member's designee, without any accrued interest on the
 27-57 returned money.

27-58 (f) Notwithstanding any other provision of this section,
 27-59 any amounts that have been picked up and paid by the city may not be
 27-60 paid to a member or designee, and the member shall be given credit
 27-61 for all years, and fractions of years, of pension service that can
 27-62 be purchased with the picked-up contributions ~~[all partial payments~~
 27-63 shall be returned to the Group B member or, if the Group B member has
 27-64 died, to the member's heirs or estate, whichever is applicable].

27-65 Sec. 5.08. MEMBERS IN UNIFORMED ~~[ARMED]~~ SERVICES. (a) In
 27-66 this section, "service in the uniformed services" has the meaning
 27-67 assigned by the federal Uniformed Services Employment and
 27-68 Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.), as
 27-69 amended.

28-1 (a-1) A member who is reemployed by the city after an
 28-2 absence due to service in the uniformed services shall receive
 28-3 contributions, benefits, and pension service that are no less
 28-4 favorable than those required by Section 414(u) of the code in
 28-5 accordance with the procedure described by Subsection (c) of this
 28-6 section [may receive pension service for time spent away from
 28-7 either department while on active duty in any of the military
 28-8 services of the United States, including service in any state or
 28-9 National Guard or any reserve component of any military service in
 28-10 accordance with the military leave provided by this section].

28-11 (b) To the extent a provision of this section that was in
 28-12 effect before November 25, 1996, would provide a member who was on
 28-13 active service with the pension system before November 25, 1996,
 28-14 with greater rights, the prior provision of this section applies
 28-15 [Any member inducted into the armed forces as a draftee must reapply
 28-16 for reinstatement with the member's prior department within 90 days
 28-17 after the date of honorable discharge or separation from military
 28-18 service. On such reinstatement, the member may elect to repay the
 28-19 member's contributions at any time under the procedure described by
 28-20 Subsection (h) of this section].

28-21 (c) Payment for credit for pension service under this
 28-22 section [Any member enlisting in the armed forces, other than as a
 28-23 reservist, whose military service between June 24, 1948, and August
 28-24 1, 1961, did not exceed four years, or whose military service began
 28-25 after August 1, 1961, and did not exceed five years if the fifth
 28-26 year is at the request and convenience of the federal government,
 28-27 and who was honorably discharged or separated from service is
 28-28 guaranteed, under the provisions of coverage described by this
 28-29 subsection, the right to restore pension service under the
 28-30 procedure described by Subsection (h) of this section. The four-
 28-31 and five-year leaves permitted by this subsection apply to all of a
 28-32 member's employment with the city. An enlistment plus any number of
 28-33 reenlistments may not exceed the four- or five-year limitations
 28-34 stated above.

28-35 [(d) Any member ordered to an initial period of active duty
 28-36 for training in a reserve component of not less than 12 consecutive
 28-37 weeks is entitled to restore pension service for the period absent
 28-38 from the member's department, if the member returns to the member's
 28-39 department within 31 days after the date of honorable discharge or
 28-40 separation from duty in the reserve unit.

28-41 [(e) Any member serving in a reserve component, voluntarily
 28-42 or involuntarily, may remain on military leave for four years,
 28-43 which may be extended for periods when the President of the United
 28-44 States calls the reserve unit into active duty. The service
 28-45 extension for members joining a reserve unit voluntarily is
 28-46 available only when the additional service is at the request and for
 28-47 the convenience of the federal government. Any member returning to
 28-48 the member's department under this provision must report back to
 28-49 work within the time specified to the member by the department,
 28-50 giving due regard for travel time and hospitalization, if required.
 28-51 Any inquiry into the validity of orders extending terms of
 28-52 reservist active duty for training will be referred to the
 28-53 Department of Labor's Office of Veterans' Employment and Training.

28-54 [(f) Any member on military leave for short periods of
 28-55 authorized training, such as two-week encampments, are treated as
 28-56 on leave with pay for up to 15 working days in any one calendar year,
 28-57 during which time pension service automatically accrues. Leave in
 28-58 excess of 15 days will be treated as described by Subsection (e) of
 28-59 this section.

28-60 [(g) With the exception of those circumstances described by
 28-61 Subsection (f) of this section, the city is not required to match
 28-62 contributions made by members under the terms of this section.

28-63 [(h) Repayment] shall be made in accordance with Section
 28-64 5.07 of this article and a [the procedure set forth in any] uniform
 28-65 and nondiscriminatory [military leave and payment] procedure
 28-66 adopted by the board [and in effect from time to time].

28-67 Sec. 5.09. NON-UNIFORMED [NONMILITARY] LEAVE OF ABSENCE.

28-68 (a) An "authorized non-uniformed leave of absence" means any leave
 28-69 of absence that meets one of the following requirements

29-1 [~~conditions~~]:

29-2 (1) the leave of absence was unpaid and granted by the
 29-3 member's department in accordance with the federal Family and
 29-4 Medical Leave Act of 1993 (29 U.S.C. Section 2601 et seq.); or

29-5 (2) the leave of absence was unpaid and was ~~[must be]~~
 29-6 an official leave authorized and certified by the chief of the
 29-7 member's ~~[either]~~ department as being beneficial to ~~[, and~~
 29-8 ~~[(2) the leave of absence must be for the purpose of~~
 29-9 ~~benefitting] the department.~~

29-10 (b) Subject to the requirements of this section and any
 29-11 procedures adopted by the board, a [A] member may receive pension
 29-12 service for time spent away from the member's ~~[either]~~ department
 29-13 on an authorized non-uniformed ~~[nonmilitary]~~ leave of absence. To
 29-14 receive pension service under this section ~~[for a nonmilitary leave~~
 29-15 of absence, the following conditions must be met:

29-16 ~~[(1) before the date the member's leave of absence is to~~
 29-17 ~~begin], the member must file with the executive director~~
 29-18 ~~[administrator] a written application to pay to the fund both:~~

29-19 (1) the member contributions the member would have
 29-20 made to the fund had the member remained on active service and had
 29-21 there been no change in the member's position or hours of work
 29-22 during the period of the authorized non-uniformed leave of absence;
 29-23 and

29-24 (2) the contributions the city would have made to the
 29-25 fund on the member's behalf ~~[any contributions that will accrue~~
 29-26 ~~during the member's leave as set forth in Subdivisions (2) and (3)~~
 29-27 ~~of this subsection;~~

29-28 ~~[(2) the member must agree to pay into the fund the~~
 29-29 ~~amount the member would have contributed had the member remained on~~
 29-30 ~~active service, the amount to be based on the computation pay the~~
 29-31 ~~member would have normally received had there been no change in the~~
 29-32 ~~member's position during the period of leave;~~

29-33 ~~[(3) the member must agree to pay into the fund an~~
 29-34 ~~amount equal to the amount the city would have contributed computed~~
 29-35 ~~on the basis of total wages and salary the member would normally~~
 29-36 ~~have received] had the member remained on active service and had~~
 29-37 ~~there been no change in the member's position or hours of work~~
 29-38 ~~during the period of the authorized non-uniformed leave of absence.~~

29-39 (b-1) Contributions made under Subsection (b)(2) of this
 29-40 section may not be refunded to the member.

29-41 (b-2) The written application described by Subsection (b)
 29-42 of this section must be filed before the member's authorized
 29-43 non-uniformed leave of absence begins, unless the pension system
 29-44 determines that it would not be reasonable to expect the member to
 29-45 file the application before the authorized non-uniformed leave of
 29-46 absence begins, in which case the application must be filed as soon
 29-47 as circumstances permit, as determined by the pension system.
 29-48 ~~[leave, the payment to represent the total amount that would have~~
 29-49 ~~been contributed by the city on the member's behalf had the member~~
 29-50 ~~remained on active service and paid in addition to the amount the~~
 29-51 ~~member must contribute as set forth in Subdivision (2) of this~~
 29-52 ~~subsection.]~~

29-53 (b-3) To receive pension service under this section, the
 29-54 following additional conditions must also be met:

29-55 (1) ~~[(4)]~~ if the member's contribution rate, the
 29-56 city's contribution rate, or both the member's and city's
 29-57 contribution rates change before the end of the member's authorized
 29-58 non-uniformed leave of absence ~~[changes as provided by Section 4.02~~
 29-59 ~~of this article], the percentage ~~[of total wages and salary]~~~~
 29-60 required to be paid by the member also changes, so that the amount
 29-61 paid by the member in accordance with this section always equals the
 29-62 amount that would have been contributed by the member, and by the
 29-63 city on the member's behalf had the member remained on active
 29-64 service ~~[, and in no event is the city required to pay into the fund~~
 29-65 ~~any contributions that would have been made on behalf of a member~~
 29-66 ~~had the member remained on active service during the period of an~~
 29-67 ~~authorized leave of absence];~~

29-68 (2) ~~[(5)]~~ payment of contributions as set forth in
 29-69 Subsection (b) of this section ~~[Subdivisions (3) and (4) of this~~

30-1 ~~subsection]~~ shall begin coincident with the beginning of the
 30-2 applicable authorized non-uniformed leave of absence and shall be
 30-3 made monthly to the executive director [~~administrator~~] for deposit
 30-4 in the fund, unless the board authorizes the deferment of the
 30-5 payments, in which case the payments must include interest
 30-6 calculated in accordance with Subsection (b-4) of this section
 30-7 [~~until the member has returned to active service~~];

30-8 (3) no pension service will be granted to the member
 30-9 until the member returns to active service, and if the member does
 30-10 not return to active service, the contributions paid, including any
 30-11 interest paid, will be returned to the member except as provided by
 30-12 Subsection (c) of this section;

30-13 (4) if the board authorizes the deferment of the
 30-14 payments under Subdivision (2) of this subsection, the payment must
 30-15 [~~may~~] be made either by authorizing the deduction of pro rata
 30-16 portions of the total amount due from the member's salary over a
 30-17 one-year period, or by cash payment made to the executive director
 30-18 [~~administrator~~] within one year after the date of the member's
 30-19 return to active service, except that the board may approve a longer
 30-20 period for making the payment if it finds that the one-year limit
 30-21 would work a financial hardship on the member;

30-22 (5) [~~(6)~~] the member must return to active service
 30-23 within 90 days after the date the member's authorized non-uniformed
 30-24 leave of absence expires, or if the member's authorized
 30-25 non-uniformed leave of absence does not have a fixed expiration
 30-26 date, within a reasonable time to be determined by the board, or the
 30-27 member forfeits the right to pay for the leave time; and

30-28 (6) [~~(7)~~] no member may ever be allowed to pay leave of
 30-29 absence contributions under this section for any time in excess of
 30-30 the time actually spent on an authorized non-uniformed leave of
 30-31 absence.

30-32 (b-4) For purposes of Subsection (b-3)(2) of this section,
 30-33 interest is calculated from the date the member's payment was first
 30-34 due, at the interest rate from time to time used in the pension
 30-35 system's actuarial rate of return assumptions, compounded annually
 30-36 until the date the principal and accrued interest are repaid in
 30-37 full.

30-38 (c)(1) If a member of the combined pension plan is disabled
 30-39 or dies while on an authorized non-uniformed leave of absence, the
 30-40 member or the member's designee is [~~heirs are~~] entitled to [~~either~~]
 30-41 a refund of contributions pursuant to Section 4.04 of this article
 30-42 or the member or the member's qualified survivors are entitled to
 30-43 benefits under the provisions of this article, to the extent
 30-44 applicable.

30-45 (2) A member who is disabled or dies while on an
 30-46 authorized non-uniformed leave of absence pursuant to this section
 30-47 may receive no pension service for any portion of the period of the
 30-48 leave, [~~+~~] except that if the member had, before the member's
 30-49 disability or death, paid for contributions while on an authorized
 30-50 non-uniformed leave of absence in accordance with [~~Subsection (a)~~
 30-51 ~~of~~] this section, the member shall receive pension service for the
 30-52 leave time actually paid for at the time of the member's disability
 30-53 or death. The [~~, but the~~] member may receive no pension service for
 30-54 any portion of the period of leave for which contributions were
 30-55 [~~have~~] not [~~been~~] paid to the executive director [~~administrator~~]
 30-56 for deposit in the fund.

30-57 SECTION 1.27. Section 6.01, Article 6243a-1, Revised
 30-58 Statutes, is amended by amending Subsections (a), (b), (d), (e),
 30-59 (f), (g), and (h) and adding Subsections (a-1) and (a-2) to read as
 30-60 follows:

30-61 (a) A Group A member [~~or former Group A member~~] must have 20
 30-62 years of pension service to be eligible for a Group A retirement
 30-63 pension under this section. A member's benefit election
 30-64 [~~application~~] under this section, once approved [~~made~~], is
 30-65 irrevocable.

30-66 (a-1) If a Group A pensioner returns to active service as a
 30-67 police officer or fire fighter with the city, the person's Group A
 30-68 retirement pension ceases until [~~the time~~] that [~~the~~] person again
 30-69 leaves active service with the city.

31-1 (a-2) If a Group A pensioner resumes employment with the
31-2 city in a capacity other than as a police officer or fire fighter,
31-3 the pensioner's Group A retirement pension continues during the
31-4 period of employment, except the pensioner may not accrue
31-5 additional credit for pension service during this period.
31-6 Additional credit for pension service does not accrue during any
31-7 period in which a Group A pensioner becomes employed by the city
31-8 unless the additional credit is attributable to active service as a
31-9 police officer or fire fighter with the city.

31-10 (b) At age 50 a Group A member [~~or former Group A member~~] is
31-11 eligible to begin drawing a monthly Group A retirement pension. A
31-12 monthly Group A retirement pension equals 50 percent of the base pay
31-13 per month, plus 50 percent of any longevity pay the Group A member
31-14 was receiving at the time the member left active service. Although
31-15 the number of years used in the computation of longevity pay remains
31-16 fixed at the earlier of the time a Group A member [~~or former Group A~~
31-17 ~~member~~] leaves active service or begins participation in DROP, the
31-18 monthly rate of longevity pay used in this computation is subject to
31-19 change in the event of an amendment to the state law governing
31-20 longevity pay. The monthly Group A retirement pension benefits of
31-21 Group A pensioners shall be adjusted from time to time in a like
31-22 manner.

31-23 (d) The element of annual retirement pension computed under
31-24 Subsection (c)(1) of this section is subject to the following
31-25 limitations:

31-26 (1) it shall be prorated for the year in which the
31-27 pensioner begins receiving a retirement pension;

31-28 (2) it shall be payable only to those Group A
31-29 pensioners who, as [~~a~~] Group A members [~~member~~] on active service,
31-30 received city service incentive pay and who receive a monthly Group
31-31 A retirement pension as determined under Subsection (b) of this
31-32 section on the last day of September of each year; and

31-33 (3) it shall be paid to Group A pensioners as long as
31-34 the city continues to pay city service incentive pay to Group A
31-35 members on active service.

31-36 (4) Notwithstanding Subsections (b) and (c) of this
31-37 section, a Group A member with a minimum of 20 years of pension
31-38 service may apply for an actuarially reduced retirement pension to
31-39 begin no earlier than when the member attains age 45 but before the
31-40 member attains age 50. The Group A member [~~or a former Group A~~
31-41 ~~member~~] who has made an application may receive a retirement
31-42 pension calculated under Subsections (b) and (c) of this section
31-43 reduced by two-thirds of one percent per month for each whole
31-44 calendar month the benefit is payable before the month in which the
31-45 Group A member [~~or former Group A member~~] attains age 50.

31-46 (e) At age 55 a Group A member [~~or former Group A member~~] is
31-47 eligible to begin drawing a monthly retirement pension computed as
31-48 follows:

31-49 (1)(A) at the rate of three percent of base pay for
31-50 each year, prorated for fractional years, of pension service, with
31-51 a maximum of 32 years of pension service, or 96 percent of base pay;
31-52 or

31-53 (B) if the Group A member [~~or former Group A~~
31-54 ~~member~~] had 34 or more years of pension service as of April 30,
31-55 1990, then the member's retirement pension is calculated at the
31-56 rate calculated under the terms of the combined pension plan in
31-57 effect on April 30, 1990, if the resulting amount would be greater
31-58 than the amount calculated under Paragraph (A) of this subdivision;
31-59 plus

31-60 (2) one-half of the longevity pay the Group A member
31-61 [~~or former Group A member~~] was receiving at the time the person left
31-62 active service; plus

31-63 (3) 1/24th, without subsequent adjustment, of the
31-64 annualized amount of the city service incentive pay the Group A
31-65 member [~~or former Group A member~~] received at the time the person
31-66 left active service.

31-67 (f) [~~Notwithstanding Subsection (c) of this section, Group~~
31-68 ~~A pensioners payments under Subsection (c)(3) of this section are~~
31-69 ~~contingent on the city's continuing payment of city service~~

32-1 ~~incentive pay to Group A members on active service.]~~ For purposes
32-2 of Subsection (e) of this section, base pay and longevity pay are
32-3 the amounts in effect on the earlier of the date the member begins
32-4 participation in DROP or the date benefits are to begin, without
32-5 subsequent adjustment.

32-6 (g) Notwithstanding Subsection (e) of this section, a Group
32-7 A member ~~[or former Group A member]~~ with 20 or more years of pension
32-8 service may apply for an actuarially reduced Group A retirement
32-9 pension beginning on or after the date the Group A member ~~[or former~~
32-10 ~~Group A member]~~ attains age 50 but before the person attains age 55.
32-11 The Group A member ~~[or former Group A member]~~ may receive a
32-12 retirement pension calculated under Subsection (e) of this section
32-13 reduced by two-thirds of one percent per month for each whole
32-14 calendar month the benefit is payable before the month in which the
32-15 Group A member ~~[or former Group A member]~~ attains age 55.

32-16 (h) Entitlement to the Group A retirement pension described
32-17 by this section is subject to the following conditions:

32-18 (1) a written application must be filed with the
32-19 executive director [administrator];

32-20 (2) the grant of a Group A retirement pension by the
32-21 board must be made at a meeting of the board held during the month
32-22 the [Group A] retirement pension is to become effective, or as soon
32-23 after that as administratively possible; and

32-24 (3) the Group A member must no longer be on active
32-25 service.

32-26 SECTION 1.28. Section 6.02, Article 6243a-1, Revised
32-27 Statutes, is amended to read as follows:

32-28 Sec. 6.02. GROUP B RETIREMENT PENSION. (a) If a [A] Group B
32-29 member ~~[or former Group B member who]~~ has accrued five or more years
32-30 of pension service, is no longer on active service with the
32-31 department, has not withdrawn the member's contributions, and
32-32 otherwise meets the age and pension service requirements under the
32-33 applicable provision of this section, the member may apply [may
32-34 make application] for a Group B retirement pension under this
32-35 section. A member's benefit election application under a provision
32-36 of this section, once approved, is irrevocable.

32-37 (a-1) If a Group B pensioner returns to active service as a
32-38 police officer or fire fighter with the city, the person's [on
32-39 reaching 50 years of age, or for an actuarially reduced] Group B
32-40 retirement pension ceases until that person again leaves active
32-41 service with the city.

32-42 (a-2) If a Group B pensioner resumes employment with the
32-43 city in a capacity other than as a police officer or fire fighter,
32-44 the pensioner's Group B retirement pension continues during the
32-45 period of employment except the pensioner may not accrue additional
32-46 credit for pension service during this period. Additional credit
32-47 for pension service does not accrue during any period in which a
32-48 Group B pensioner becomes employed by the city unless the
32-49 additional credit is attributable to active service as a police
32-50 officer or fire fighter with the city [on reaching 45 years of age].

32-51 (b) A [former] Group B member who began active service
32-52 before March 1, 2011, and who has attained at least 50 years of age,
32-53 or who began active service on or after March 1, 2011, and has
32-54 attained at least 58 years of age, and who otherwise meets the
32-55 requirements of Subsection (a) of this section may elect to receive
32-56 a Group B retirement pension that shall be calculated as follows:

32-57 (1) for a member who began active service before March
32-58 1, 2011, the member's retirement pension shall be the sum of:

32-59 (A) the number of years of pension service before
32-60 September 1, 2017, prorated for fractional years, times three
32-61 percent of the average computation pay determined over the 36
32-62 consecutive months of pension service in which the Group B member
32-63 received the highest computation pay; plus

32-64 (B) the number of years of pension service on or
32-65 after September 1, 2017, prorated for fractional years, times the
32-66 applicable percentage prescribed by Subsection (b-1) of this
32-67 section of the average computation pay determined over the 60
32-68 consecutive months of pension service in which the Group B member
32-69 received the highest computation pay; or

33-1 (2) for a member who began active service on or after
33-2 March 1, 2011, the member's retirement pension shall be the number
33-3 of years of pension service, prorated for fractional years, times
33-4 2.5 percent of the average computation pay determined over the 60
33-5 consecutive months of pension service in which the member received
33-6 the highest computation pay.

33-7 (b-1) For purposes of Subsection (b)(1)(B) of this section,
33-8 the applicable percentage is based on the age of the Group B member
33-9 when the member's retirement pension begins as set forth below:

Age of Member When Retirement Pension Begins	Percent
58 and older	2.5%
57	2.4%
56	2.3%
55	2.2%
54	2.1%
53 and younger	2.0%

33-17 (b-2) Days during which the member earned no pension service
33-18 due to a termination of active service or otherwise must be
33-19 disregarded in determining the 36 or 60 consecutive months of
33-20 highest computation pay under Subsection (b)(1) or (2) of this
33-21 section, as appropriate. The pension benefit calculated under
33-22 Subsection (b) of this section may not exceed the greater of:

33-23 (1) 90 percent of the member's average computation pay
33-24 determined under the applicable subsection; or

33-25 (2) the vested and accrued benefit of a member as
33-26 determined on August 31, 2017. [~~or Group B pensioner who withdrew
33-27 any of the person's Plan B or Group B contributions and who on again
33-28 becoming a Group B member does not replace such previously
33-29 withdrawn contributions with interest thereon as provided by
33-30 Section 4.04 of this article must earn at least five years of
33-31 pension service after the time the person returns to active service
33-32 to be eligible for a Group B retirement pension.]~~

33-33 (c) Except as provided by Subsection (c-2) of this section,
33-34 [~~Entitlement to~~] a Group B member who has either attained at least
33-35 45 years of age on September 1, 2017, or who attains at least 53
33-36 years of age after September 1, 2017, and who otherwise meets the
33-37 requirements of Subsection (a) of this section may elect to receive
33-38 an actuarially reduced Group B retirement pension calculated in
33-39 accordance with Subsection (c-1) of this section:

33-40 (1) not earlier than the member's 45th or 53rd
33-41 birthday, as applicable; and

33-42 (2) not later than the member's 50th or 58th birthday,
33-43 as applicable.

33-44 (c-1) Except as provided by Subsection (c-2) of this section
33-45 and subject to Section 6.021 of this article, a Group B member who
33-46 applies for an actuarially reduced Group B retirement pension under
33-47 Subsection (c) of this section shall receive a pension calculated
33-48 under Subsection (b) of this section, reduced by two-thirds of one
33-49 percent per month, for each whole calendar month the benefit is
33-50 payable before the month in which the member attains:

33-51 (1) for members who attained at least 45 years of age
33-52 on September 1, 2017, 50 years of age; or

33-53 (2) for members not described by Subdivision (1) of
33-54 this subsection who attain at least 53 years of age after September
33-55 1, 2017, 58 years of age.

33-56 (c-2) If, for purposes of Subsection (c-1) of this section,
33-57 a Group B member's pension benefit calculated under Subsection (b)
33-58 of this section is equal to 90 percent of the member's average
33-59 computation pay, the member is entitled to a Group B retirement
33-60 pension under Subsection (c) of this section at 45 or 53 years of
33-61 age, as applicable, that is not actuarially reduced as provided
33-62 under Subsection (c-1) of this section [~~retirement pension as
33-63 described by Subsection (a) or (b) of this section is subject to the
33-64 following conditions:~~

33-65 [~~(1) written application must be filed with the
33-66 administrator,~~

33-67 [~~(2) the grant of the Group B retirement pension by the
33-68 board must be made at a meeting of the board held during the month
33-69 the Group B retirement pension is to become effective, or as soon~~

34-1 ~~after that as possible, and~~
34-2 ~~[(3) the Group B member may no longer be on active~~
34-3 ~~service].~~

34-4 (d) Except as provided by Subsection (d-2) of this section,
34-5 a [A] Group B member who has accrued 20 or more years of pension
34-6 service and has been on active service at any time on or after
34-7 January 1, 1999, may elect to apply for a Group B retirement pension
34-8 beginning at any time after the Group B member leaves active
34-9 service, regardless of age. A Group B member may elect a Group B
34-10 retirement pension under this subsection as follows:

34-11 (1) if the member accrued 20 or more years of pension
34-12 service on or before September 1, 2017, the member may elect a
34-13 pension under this subsection that is computed in the same manner as
34-14 the Group B retirement pension under Subsection (b)(1) of this
34-15 section except that the percentage set forth below must be used
34-16 instead of the three percent multiplier prescribed by Subsection
34-17 (b)(1)(A) of this section:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
<u>48 and 49</u>	<u>2.75%</u>
<u>47</u>	<u>2.5%</u>
<u>46</u>	<u>2.25%</u>
<u>45 and younger</u>	<u>2%; and</u>

34-23 (2) except as provided by Subsection (d-2) of this
34-24 section and subject to Section 6.021 of this article, if the member
34-25 accrued 20 or more years of pension service after September 1, 2017,
34-26 the member may elect a pension under this subsection computed in the
34-27 same manner as the Group B retirement pension under Subsection
34-28 (b)(2) of this section except that the percentage set forth below
34-29 must be used instead of the 2.5 percent multiplier prescribed by
34-30 Subsection (b)(2) of this section:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
<u>57</u>	<u>2.4%</u>
<u>56</u>	<u>2.3%</u>
<u>55</u>	<u>2.2%</u>
<u>54</u>	<u>2.1%</u>
<u>53 and younger</u>	<u>2.0%</u>

34-37 (d-1) A member who elects a pension under Subsection (d) of
34-38 this section is not entitled to:

34-39 (1) minimum benefits under either Section 6.10A or
34-40 6.11 of this article; or

34-41 (2) benefits under Subsection (g) of this section.

34-42 (d-2) If, for purposes of Subsection (d) of this section, a
34-43 Group B member's pension benefit calculated under Subsection (b) of
34-44 this section is equal to 90 percent of the member's average
34-45 computation pay, the member is entitled to a Group B retirement
34-46 pension under Subsection (d) of this section that is not reduced as
34-47 provided under Subsection (d)(1) or (2) of this section [retirement
34-48 pension shall be computed at the rate of three percent of the
34-49 average computation pay determined over the 60 consecutive months
34-50 in which the Group B member received the highest computation pay,
34-51 multiplied by the number of years, prorated for fractional years,
34-52 of pension service to a maximum of 32 years of pension service or 96
34-53 percent of the computation pay as determined under this
34-54 subsection].

34-55 (e) ~~A [However, a]~~ Group B member or former Group B member
34-56 with 34 or more years of pension service as of April 30, 1990, is
34-57 entitled to [shall] receive the greater of a Group B retirement
34-58 pension calculated under the terms of Plan B as in effect on that
34-59 date or a Group B retirement pension calculated pursuant to
34-60 Subsection (b) [~~(d)~~] of this section.

34-61 [~~(f)~~ A Group B member, or any former Group B member who was a
34-62 Group B member as of any date after April 30, 1990, may apply for an
34-63 actuarially reduced Group B retirement pension beginning no earlier
34-64 than the person's 45th birthday but before the person's 50th
34-65 birthday. A Group B member or former Group B member who applies for
34-66 an actuarially reduced Group B retirement pension beginning on or
34-67 after the person's 45th birthday shall receive a pension calculated
34-68 under Subsection (d) of this section, reduced by two-thirds of one
34-69 percent per month for each whole calendar month the pension would be

35-1 ~~payable before the month in which the Group B member or former Group~~
 35-2 ~~B member attains age 50.]~~

35-3 (g) In no event may any Group B member [~~or former Group B~~
 35-4 ~~member~~] who was at any time a Group A member or a contributing
 35-5 member of the old plan or Plan A, and who satisfied the applicable
 35-6 age and length-of-service requirements of the applicable plan at
 35-7 the time the person left active service, receive a retirement
 35-8 pension in an amount less than the amount the person would be
 35-9 entitled to receive as a Group A member.

35-10 (h) Notwithstanding any other provision of this section, a
 35-11 [A former] Group B member who was not a Group B member on or after
 35-12 January 1, 1993 [May 1, 1990], shall receive a retirement pension
 35-13 calculated under the applicable provisions of Plan B [this plan] as
 35-14 that plan existed [in effect] on the date the member terminated
 35-15 [person left] active service.

35-16 (i) Entitlement to a Group B retirement pension under
 35-17 Subsection (b), (c), (d), or (e) of this section is subject to the
 35-18 following conditions:

35-19 (1) a written application must be filed with the
 35-20 executive director;

35-21 (2) the grant of the Group B retirement pension by the
 35-22 board must be made at a meeting of the board held during the month
 35-23 the retirement pension is to become effective, or as soon after as
 35-24 administratively possible; and

35-25 (3) the Group B member may no longer be on active
 35-26 service [A former Group B member who was not a Group B member after
 35-27 April 30, 1990, may request an actuarially reduced retirement
 35-28 pension beginning no earlier than the person's 45th birthday but
 35-29 before the person's 50th birthday]. [A former Group B member
 35-30 described by this subsection shall receive a retirement pension
 35-31 under the applicable provisions of Plan B as in effect on the date
 35-32 the person left active service, reduced by two-thirds of one
 35-33 percent per month for each whole calendar month the pension would be
 35-34 payable before the month in which the former Group B member attains
 35-35 age 50.]

35-36 SECTION 1.29. Part 6, Article 6243a-1, Revised Statutes, is
 35-37 amended by adding Sections 6.021 and 6.022 to read as follows:

35-38 Sec. 6.021. AUTHORITY TO ADOPT ALTERNATIVE MULTIPLIERS FOR
 35-39 COMPUTATION OF CERTAIN GROUP B BENEFITS. (a) For purposes of
 35-40 Section 6.02(c-1) or (d)(2) of this article, the board by rule may
 35-41 adopt alternative multipliers, including an alternative table
 35-42 prescribing actuarially appropriate multipliers. In adopting
 35-43 rules under this subsection, the board shall designate the date on
 35-44 which the alternative multiplier shall take effect.

35-45 (b) Copies of any alternative multipliers adopted under
 35-46 this section must be maintained at the principal office of the
 35-47 pension system and published on the pension system's publicly
 35-48 available Internet website.

35-49 Sec. 6.022. AUTHORITY TO REDUCE RETIREMENT AGE.
 35-50 Notwithstanding any other law, the board may reduce the age at which
 35-51 a Group B member is eligible to begin receiving a retirement
 35-52 pension, including an actuarially reduced retirement pension,
 35-53 under Section 6.02 of this article if the board determines that the
 35-54 reduction will not cause the amortization period of the unfunded
 35-55 actuarial accrued liability of the pension system to exceed 25
 35-56 years, after taking into account the impact of the reduction. A
 35-57 board action under this section may not take effect until the State
 35-58 Pension Review Board reviews the board's determination described by
 35-59 this section.

35-60 SECTION 1.30. Section 6.03, Article 6243a-1, Revised
 35-61 Statutes, is amended by amending Subsections (a), (d), (f), and (g)
 35-62 and adding Subsections (k) and (l) to read as follows:

35-63 (a) If a member who is on active service, other than a member
 35-64 participating in DROP, becomes disabled to the extent that the
 35-65 member cannot perform the member's duties with the member's
 35-66 department, the member may apply for a disability pension, subject
 35-67 to [in accordance with] any uniform and nondiscriminatory
 35-68 disability application procedure and recall and review procedure
 35-69 adopted by the board and in effect from time to time.

36-1 (d) No disability pension may be paid to a member for any
 36-2 disability if the disability was a result of an intentionally
 36-3 self-inflicted injury or a chronic illness resulting from an
 36-4 addiction by the member through a protracted course of ~~[noncoerced]~~
 36-5 indulgence in alcohol, narcotics, or other substance abuse that was
 36-6 not coerced.

36-7 (f) No disability pension may be paid if the chief of the
 36-8 member's department is able to provide the member with duties that
 36-9 are within the member's physical or mental capabilities, ~~[as long~~
 36-10 ~~as the board agrees that the duties are within the member's~~
 36-11 ~~capabilities,]~~ even though the duties are different from the duties
 36-12 the member performed before the disability.

36-13 (g) Written application for a disability pension must be
 36-14 filed with the executive director not later than the 180th day after
 36-15 the date the member leaves active service ~~[administrator]~~. The
 36-16 application must be accompanied by a recommendation from the health
 36-17 director. This recommendation shall contain a statement indicating
 36-18 whether the member became disabled while the member was on duty or
 36-19 off duty and whether the disability was service-connected or was
 36-20 not service-connected ~~[nonservice-connected]~~.

36-21 (k) For purposes of Sections 6.04 and 6.05 of this article
 36-22 and this section:

36-23 (1) longevity pay and incentive pay are the amounts in
 36-24 effect on the date the benefits are to begin, without subsequent
 36-25 adjustment; and

36-26 (2) except as provided by Section 6.05(b-1) of this
 36-27 article, base pay is the amount in effect on the date benefits are
 36-28 to begin, without subsequent adjustment.

36-29 (l) Notwithstanding any other law, Subchapter B, Chapter
 36-30 607, Government Code, applies to all members without regard to the
 36-31 employing department or job assignment.

36-32 SECTION 1.31. Part 6, Article 6243a-1, Revised Statutes, is
 36-33 amended by adding Section 6.035 to read as follows:

36-34 Sec. 6.035. DISABILITY BENEFITS FOR CERTAIN PERSONS IN
 36-35 UNIFORMED SERVICES. (a) In this section, "uniformed services" has
 36-36 the meaning assigned by the federal Uniformed Services Employment
 36-37 and Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et
 36-38 seq.).

36-39 (b) This section applies to a person who was released from
 36-40 the uniformed services after December 17, 2001, under conditions
 36-41 that would have made the person eligible for benefits under Section
 36-42 414(u) of the code if the person could have returned to active
 36-43 service.

36-44 (c) If a person subject to this section was unable to return
 36-45 to active service by reason of disability incurred while on a leave
 36-46 of absence due to service in the uniformed services, that person is
 36-47 entitled to a regular disability pension in accordance with Section
 36-48 6.03 of this article, calculated in accordance with Section 6.04 of
 36-49 this article.

36-50 (d) Notwithstanding Section 6.03(g) of this article, a
 36-51 written application for a disability pension must be filed not
 36-52 later than the 180th day after the date of the person's release from
 36-53 the uniformed services.

36-54 (e) A person subject to this section is entitled to receive
 36-55 pension service for the period of service with the uniformed
 36-56 services only to the extent that contributions are made for that
 36-57 period in accordance with this article.

36-58 SECTION 1.32. Section 6.04, Article 6243a-1, Revised
 36-59 Statutes, is amended to read as follows:

36-60 Sec. 6.04. CALCULATION OF REGULAR ~~[GROUP A]~~ DISABILITY
 36-61 BENEFITS ~~[PENSION]~~. (a) Subject to Subsection (g) of this section,
 36-62 if ~~[if]~~ a Group A member's application for a Group A disability
 36-63 pension has been approved by the board pursuant to Section 6.03 of
 36-64 this article, including any procedures adopted under that section,
 36-65 the Group A member may elect to receive a Group A disability pension
 36-66 calculated:

36-67 (1) in the same manner as the benefit under Sections
 36-68 6.01(b) and (c) of this article; or

36-69 (2) under Subsection (c) ~~[(b)]~~ of this section.

37-1 (b) An election under Subsection (a) of this section, once
37-2 approved by the board ~~[made]~~, is irrevocable.

37-3 ~~[(b) When a Group A member elects to accept a Group A~~
37-4 ~~disability pension under this section, it shall be calculated as~~
37-5 ~~provided by Subsections (c), (d), and (e) of this section.]~~

37-6 (c) Subject to Subsection (g) of this section, ~~[If]~~ a Group
37-7 A ~~[member's disability results during the performance of duties~~
37-8 ~~with either department, the]~~ member who elects to have benefits
37-9 determined under this subsection is entitled to a monthly
37-10 disability pension calculated as follows:

37-11 (1) at a rate of three percent of base pay for each
37-12 year, prorated for fractional years, of pension service, with a
37-13 ~~[minimum of 20 years of pension service being deemed credited and a]~~
37-14 maximum of 32 years of pension service being credited, or 96 percent
37-15 of base pay ~~[or]~~, except that if the Group A member had 34 or more
37-16 years of pension service as of April 30, 1990 ~~[May 1, 1990]~~, the
37-17 member is entitled to ~~[shall]~~ receive the greater of a disability
37-18 pension calculated under the terms of the combined pension plan in
37-19 effect on that date or as calculated under this subdivision; plus

37-20 (2) one-half of the longevity pay the Group A member
37-21 was receiving at the time the member left active service; plus

37-22 (3) subject to Subsection (d) of this section,
37-23 1/24th~~[, without subsequent adjustment,]~~ of the annualized amount
37-24 of city service incentive pay the Group A member received at the
37-25 time the member left active service.

37-26 (c-1) The disability pension calculated under Subsection
37-27 (c) of this section may not exceed the greater of:

37-28 (1) 90 percent of the member's average base pay
37-29 determined under the applicable subsection; or

37-30 (2) the vested and accrued disability pension of the
37-31 member as determined on August 31, 2017.

37-32 (d) ~~Payments of the amounts described by [Notwithstanding~~
37-33 ~~Subsection (c) of this section, the amount of a disability~~
37-34 ~~retirement benefit of a Group A pensioner who is on disability~~
37-35 ~~retirement under] Subsection (c)(3) of this section are [is]~~
37-36 contingent on the city's continuing payment of city service
37-37 incentive pay to Group A members on active service. ~~[For purposes~~
37-38 ~~of this subsection, base pay and longevity pay are the amounts in~~
37-39 ~~effect on the date the benefits are to begin, without subsequent~~
37-40 ~~adjustment.]~~

37-41 (e) If a Group B ~~[A]~~ member's application for a Group B
37-42 disability pension has been approved by the board under Section
37-43 6.03 of this article, including any procedures adopted under that
37-44 section, the Group B member may elect to receive a Group B
37-45 disability pension calculated in the manner described by Subsection
37-46 (f) or (f-1) of this section, subject to Subsection (g) of this
37-47 section ~~[disability does not result during the performance of the~~
37-48 ~~member's duties with either department, the member is entitled to a~~
37-49 ~~monthly disability pension calculated:~~

37-50 ~~[(1) at a rate of three percent of base pay for each~~
37-51 ~~year, prorated for fractional years, of pension service, with a~~
37-52 ~~maximum of 32 years of pension service, or 96 percent of base pay,~~
37-53 ~~except that if the Group A member had 34 or more years of pension~~
37-54 ~~service as of April 30, 1990, the member shall receive the greater~~
37-55 ~~of a disability pension calculated under the combined pension plan~~
37-56 ~~in effect on that date or as calculated under this subdivision; plus~~

37-57 ~~[(2) one-half of the longevity pay the Group A member~~
37-58 ~~was receiving at the time the member left active service; plus~~

37-59 ~~[(3) 1/24th of the annualized amount of city service~~
37-60 ~~incentive pay the Group A member received at the time the member~~
37-61 ~~left active service, without regard to any subsequent adjustment].~~

37-62 (f) Subject to Subsections (f-1), (f-3), and (g) of this
37-63 section, the disability pension of a Group B member shall be
37-64 calculated as follows:

37-65 (1) for a member who began active service before March
37-66 1, 2011, the member's disability pension shall be the sum of:

37-67 (A) the member's number of years of pension
37-68 service earned before September 1, 2017, prorated for fractional
37-69 years, times three percent of the average computation pay

38-1 determined over the 36 consecutive months of pension service in
38-2 which the member received the highest computation pay; plus

38-3 (B) the number of years of pension service,
38-4 including pension service credit imputed under Section 6.05(c) of
38-5 this article, earned on or after September 1, 2017, prorated for
38-6 fractional years, times the applicable percentage prescribed by
38-7 Section 6.02(b-1) of this article of the average computation pay
38-8 determined over the 60 consecutive months of pension service in
38-9 which the member received the highest computation pay; or

38-10 (2) for a member who began active service on or after
38-11 March 1, 2011, the member's disability pension shall be the number
38-12 of years of pension service, including pension service credit
38-13 imputed under Section 6.05(c) of this article, prorated for
38-14 fractional years, times 2.5 percent of the average computation pay
38-15 determined over the 60 consecutive months of pension service in
38-16 which the member received the highest computation pay.

38-17 (f-1) Notwithstanding Subsection (f) of this section, for a
38-18 Group B member who had 34 or more years of pension service as of
38-19 April 30, 1990, the member is entitled to receive the greater of a
38-20 disability pension calculated under the terms of Plan B in effect on
38-21 April 30, 1990, or calculated under Subsection (f) of this section.

38-22 (f-2) For purposes of Subsections (f) and (f-1) of this
38-23 section:

38-24 (1) any partial year of pension service for a Group B
38-25 member's first 20 years of pension service is counted as a full year
38-26 of pension service, if the member was considered by the member's
38-27 department to have worked a normal full-time schedule at the time of
38-28 the disability;

38-29 (2) if the member has less than 36 or 60 consecutive
38-30 months of pension service, as applicable, the member's average
38-31 computation pay will be computed based on the member's entire
38-32 pension service; and

38-33 (3) days during which the member earned no pension
38-34 service due to a termination of active service or otherwise must be
38-35 disregarded in determining the 36 or 60 consecutive months of
38-36 highest computation pay.

38-37 (f-3) The disability pension calculated under Subsection
38-38 (f) or (f-1) of this section may not exceed the greater of:

38-39 (1) 90 percent of the member's average computation pay
38-40 determined under the applicable subsection; or

38-41 (2) the vested and accrued disability pension of the
38-42 member as determined on August 31, 2017 [~~Payments of the amounts~~
38-43 ~~described by Subsection (e)(3) of this section are contingent on~~
38-44 ~~the city's continuing payment of city service incentive pay to~~
38-45 ~~Group A members on active service].~~

38-46 (g) The disability pension calculated in accordance with
38-47 this section, including both a Group A benefit described by
38-48 Subsection (a) of this section and a Group B benefit described by
38-49 Subsection (f) of this section, shall be reduced dollar-for-dollar
38-50 by any monthly disability compensation benefit received under
38-51 Section 6.05 of this article. If the monthly disability
38-52 compensation benefit provided to a member under Section 6.05 of
38-53 this article equals or exceeds any benefit the member is entitled to
38-54 under this section or Section 6.01(b) or (c) of this article, the
38-55 member may not receive the benefit under this section [~~For purposes~~
38-56 ~~of Subsection (e)(3) of this section, base pay and longevity pay are~~
38-57 ~~the amounts in effect on the date the benefits are to begin, without~~
38-58 ~~subsequent adjustment].~~

38-59 SECTION 1.33. The heading to Section 6.05, Article 6243a-1,
38-60 Revised Statutes, is amended to read as follows:

38-61 Sec. 6.05. COMPENSATION BENEFITS FOR SERVICE-CONNECTED
38-62 [~~CALCULATION OF GROUP B~~] DISABILITY [~~BENEFITS~~].

38-63 SECTION 1.34. Section 6.05, Article 6243a-1, Revised
38-64 Statutes, is amended by amending Subsections (a), (b), and (c) and
38-65 adding Subsection (b-1) to read as follows:

38-66 (a) If a member leaves active service at any time due to
38-67 disability and the board determines that the member with the
38-68 disability became unable to perform the member's duties with the
38-69 member's department due to an injury or sickness incurred in the

39-1 performance of the member's duties, the member is entitled to
 39-2 periodic disability compensation benefits in accordance with this
 39-3 section [Group B member's application for a Group B disability
 39-4 pension has been approved by the board pursuant to Section 6.03 of
 39-5 this article, including any procedures adopted under that section,
 39-6 the Group B member may, depending on the circumstances, elect to
 39-7 receive a Group B disability pension calculated in the manner
 39-8 described by Subsection (b) or (c) of this section].

39-9 (b) Subject to Subsection (b-1), [~~if~~] a Group A [~~B~~] member
 39-10 whose disability, as determined by the board, was caused by an
 39-11 injury or sickness incurred in the performance of the member's duty
 39-12 shall receive a monthly benefit equal to 60 percent of the member's
 39-13 base pay. For purposes of this subsection, "base pay" is the amount
 39-14 in effect on the date compensation benefits under this section are
 39-15 to begin, without subsequent adjustment.

39-16 (b-1) Instead of receiving a periodic disability
 39-17 compensation benefit under Subsection (b) of this section, a Group
 39-18 A member who is entitled to periodic disability compensation
 39-19 benefits under this section may elect, before the benefits begin,
 39-20 to receive those benefits as a monthly benefit equal to 50 percent
 39-21 of the member's base pay adjusted from time to time to reflect
 39-22 changes in base pay that occur after the member began receiving a
 39-23 monthly compensation benefit under this section [~~becomes disabled~~
 39-24 ~~during the performance of the member's duties with either~~
 39-25 ~~department, the member is entitled to a monthly disability pension~~
 39-26 ~~calculated at a rate of three percent of the average computation pay~~
 39-27 ~~determined over the 60 consecutive months in which the Group B~~
 39-28 ~~member received the member's highest computation pay multiplied by~~
 39-29 ~~the number of years, prorated for fractional years, of the member's~~
 39-30 ~~pension service with a minimum of 20 years of pension service being~~
 39-31 ~~deemed credited, or 60 percent of average computation pay~~
 39-32 ~~determined over the 60 consecutive months in which the Group B~~
 39-33 ~~member received the member's highest computation pay, except that~~
 39-34 ~~if the Group B member has less than five years of pension service,~~
 39-35 ~~the Group B member's average computation pay will be computed based~~
 39-36 ~~on the member's entire pension service. If a Group B member had 34~~
 39-37 ~~or more years of pension service as of April 30, 1990, the Group B~~
 39-38 ~~member is entitled to receive the greater of a Group B disability~~
 39-39 ~~pension calculated under the terms of Plan B in effect on that date~~
 39-40 ~~or calculated pursuant to this subsection].~~

39-41 (c) A [~~The Group B disability pension for any~~] Group B
 39-42 member whose disability, as determined by the board, was caused by
 39-43 an injury or sickness incurred in the performance of the member's
 39-44 duty shall receive a monthly benefit equal to the disability
 39-45 pension under Sections 6.04(f), (f-1), (f-2), and (f-3) of this
 39-46 article except that if the member:

39-47 (1) does not have 20 years of pension service, the
 39-48 member is considered to have 20 years of pension service for the
 39-49 purposes of calculating the disability pension under that section;
 39-50 and

39-51 (2) has less than 36 or 60 consecutive months, as
 39-52 applicable, of employment with the department, the member's average
 39-53 computation pay will be computed based on all the member's
 39-54 computation pay, and days during which the member earned no pension
 39-55 service due to a termination of active service or otherwise must be
 39-56 disregarded in determining either the 36 or 60 consecutive months
 39-57 of highest computation pay [~~does not result during the performance~~
 39-58 ~~of the member's duties with either department shall be computed at a~~
 39-59 ~~rate of three percent of the average computation pay determined~~
 39-60 ~~over the 60 consecutive months in which the Group B member received~~
 39-61 ~~the member's highest computation pay multiplied by the number of~~
 39-62 ~~years, prorated for fractional years, of the member's pension~~
 39-63 ~~service, except that any partial year of pension service for the~~
 39-64 ~~first 20 years of pension service shall be counted as a full year of~~
 39-65 ~~pension service. If the Group B member has less than five years of~~
 39-66 ~~pension service, the Group B member's average computation pay will~~
 39-67 ~~be computed based on the member's entire pension service, and if a~~
 39-68 ~~Group B member had 34 or more years of pension service as of April~~
 39-69 ~~30, 1990, the Group B member is entitled to receive the greater of a~~

40-1 ~~disability pension calculated under the terms of Plan B in effect on~~
40-2 ~~that date or calculated pursuant to this subsection].~~

40-3 SECTION 1.35. Section 6.05(d), Article 6243a-1, Revised
40-4 Statutes, is redesignated as Section 6.055, Article 6243a-1,
40-5 Revised Statutes, and amended to read as follows:

40-6 Sec. 6.055. REDUCTION IN DISABILITY OR COMPENSATION
40-7 BENEFITS FOR CERTAIN PERSONS. (a) In this section, "earned income"
40-8 means income earned by a Group B pensioner in the form of wages,
40-9 salaries, commissions, fees, tips, unemployment benefits, and
40-10 other amounts received by virtue of employment or self-employment
40-11 but paid before any deduction for taxes or insurance. In addition,
40-12 earned income also includes those amounts contributed on a
40-13 before-tax basis to any retirement plan or employee health and
40-14 welfare benefit plan.

40-15 (b) ~~[(d)]~~ The board shall require any Group B pensioner who
40-16 became a member of Plan B or the combined pension plan on or after
40-17 May 1, 1990, and who is receiving a Group B disability pension under
40-18 Section 6.04 of this article or a periodic disability compensation
40-19 under Section 6.05 of this article ~~[in accordance with Subsection~~
40-20 ~~(b) or (c) of this section]~~ to provide the board annually, on or
40-21 before ~~July 1~~ ~~[May 1]~~ of each year, with a true and complete copy of
40-22 those portions of the person's federal and, if applicable, state
40-23 tax return, including appropriate schedules, for the previous
40-24 calendar year that indicate the person's occupations, if any, and
40-25 earned income for the previous calendar year. ~~If the pensioner did~~
40-26 ~~not file a tax return for the previous calendar year, the board may~~
40-27 ~~require other documentation reflecting the pensioner's occupation~~
40-28 ~~or earned income that the board determines appropriate.~~

40-29 (c) The pension system ~~[However, the board]~~ may waive the
40-30 July 1 ~~[May 1]~~ date under Subsection (b) of this section in lieu of
40-31 one later in the same calendar year if the Group B pensioner
40-32 provides the board with a true and complete copy of a grant of an
40-33 extension of time for the filing of the person's tax return from the
40-34 appropriate governmental agency or a true and complete copy of an
40-35 extension request that results in any automatic extension.

40-36 (d) If, after evaluating the information received under
40-37 Subsection (b) of this section, the board finds the Group B
40-38 pensioner is or has been receiving earned income from one or more
40-39 employments, including self-employment, during the preceding year,
40-40 the board shall reduce future disability ~~retirement~~ ~~[pension]~~
40-41 payments to the Group B pensioner in accordance with the following
40-42 formula: \$1 for each \$1 that the sum of "a" + "b" is greater than
40-43 "c," where "a" is the earned income of the Group B pensioner
40-44 attributable to the previous calendar year from the person's
40-45 employments, "b" is the total amount of Group B disability
40-46 ~~retirement payments~~ ~~[pension]~~ received by the Group B pensioner the
40-47 previous calendar year, and "c" is the annualized amount of the
40-48 average computation pay the Group B pensioner received as of the
40-49 date the person left active service.

40-50 (e) For purposes of the ~~[this]~~ computation under Subsection
40-51 (d) of this section, the average computation pay shall be deemed
40-52 increased at a rate of ~~2.75 percent~~ ~~[of four percent simple~~
40-53 ~~interest]~~, without compounding during the year, as of each January
40-54 1 that the Group B pensioner receives a Group B disability
40-55 ~~retirement payment~~ ~~[pension]~~.

40-56 SECTION 1.36. Section 6.06, Article 6243a-1, Revised
40-57 Statutes, is amended by amending Subsections (b), (e), (f), (g),
40-58 (h), (j), (k), (l), (m), (n), (o), (p), (q), (r), and (t) and adding
40-59 Subsections (e-1), (e-2), (j-1), (o-1), (o-2), (u), and (v) to read
40-60 as follows:

40-61 (b) A written application for benefits must be filed with
40-62 the executive director ~~[administrator]~~.

40-63 (e) If ~~[the qualified]~~ surviving children of a primary party
40-64 are not qualified survivors entitled to death benefits, the
40-65 ~~[qualified surviving]~~ spouse of the primary party who is a
40-66 qualified survivor is entitled only to receive a share of the death
40-67 benefits in the amount calculated under Section 6.07(a) ~~[or (b)]~~ or
40-68 Section 6.08(b)(1), (c)(1), (d)(1), or (e)(1) of this article,
40-69 whichever is applicable, and is not entitled to what otherwise

41-1 would be the ~~[qualified]~~ surviving children's share.

41-2 (e-1) If a primary party had ~~[there is]~~ no ~~[qualifying]~~
 41-3 surviving spouse, any ~~[qualified]~~ surviving child who is a
 41-4 qualified survivor ~~[children]~~ shall receive only the amount
 41-5 calculated under Section 6.07(a) ~~[or (b)]~~ or Section 6.08(b)(2),
 41-6 (c)(2), (d)(2), or (e)(2) of this article, whichever is applicable,
 41-7 and is ~~[are]~~ not entitled to what otherwise would be the ~~[qualified]~~
 41-8 surviving spouse's share.

41-9 (e-2) If a primary party does not have a ~~[there is no]~~
 41-10 ~~[qualified surviving]~~ spouse or ~~[qualified surviving]~~ children who
 41-11 are qualified survivors, any ~~[qualified]~~ dependent parent of the
 41-12 primary party who is a qualified survivor shall receive only the
 41-13 amount calculated under Section 6.07(c) or Section 6.08(b)(3),
 41-14 (d)(3), or (e)(3) of this article, whichever is applicable, and is
 41-15 not entitled to what otherwise would be the ~~[qualified]~~ surviving
 41-16 spouse's or ~~[qualified]~~ surviving children's share.

41-17 (f) The total monthly death benefits ~~[benefit]~~ received by
 41-18 the qualified survivors of a primary party under this article,
 41-19 including the primary party's ~~[surviving]~~ spouse, ~~[qualified]~~
 41-20 ~~[surviving]~~ children, or ~~[qualified]~~ dependent parents, ~~[parent]~~
 41-21 may not exceed the pension to which the deceased primary party was
 41-22 entitled per month.

41-23 (g) If there is no surviving spouse or legal guardian for
 41-24 the ~~[qualified]~~ surviving children of a primary party who are
 41-25 qualified survivors and if the board determines that the
 41-26 ~~[qualified]~~ surviving children lack the discretion to handle money,
 41-27 or in other appropriate circumstances, notwithstanding any other
 41-28 provision of this section, the board may request a court of
 41-29 competent jurisdiction to appoint a suitable person to receive and
 41-30 administer the ~~[qualified]~~ surviving children's money or in those
 41-31 circumstances described in Subsection (n) of this section, appoint
 41-32 a new trustee to administer the ~~[qualified]~~ surviving children's
 41-33 ~~[support]~~ trust.

41-34 (h) With the exception of a ~~[support]~~ trust described in
 41-35 Subsection (n) of this section, no death benefits awarded to
 41-36 ~~[qualified]~~ surviving children may be used for any purpose other
 41-37 than to benefit the ~~[qualified]~~ surviving children. ~~[The board may]~~
 41-38 ~~withhold payment of benefits if it has reason to believe the~~
 41-39 ~~benefits are not being properly applied.]~~

41-40 (j) With the exception of those circumstances described in
 41-41 Subsection (n) of this section, death benefits payable ~~[paid]~~ to
 41-42 ~~[qualified]~~ surviving children ~~[living with a person other than the]~~
 41-43 ~~surviving spouse~~ shall be delivered to the legal guardian of the
 41-44 estate of the surviving children if one has been appointed and the
 41-45 pension system has been provided proof of the appointment. If no
 41-46 legal guardian has been appointed, death benefits shall be
 41-47 delivered to one of the following persons, provided there is
 41-48 evidence that the person is ~~[person with whom the qualified]~~
 41-49 ~~surviving children are living, if the board has designated the~~
 41-50 ~~person as being]~~ a suitable person to receive and administer the
 41-51 benefits:

41-52 (1) the surviving spouse with whom the child resides;

41-53 or

41-54 (2) the adult head of the household with whom the child
 41-55 resides, if the child does not reside with the surviving spouse.

41-56 (j-1) In accordance with Subsection (h) of this section, the
 41-57 recipient of a surviving child's death benefits under Subsection
 41-58 (j) of this section must use the death benefits to benefit the
 41-59 child. The board may ~~[, however,]~~ withhold payment of benefits to
 41-60 anyone, if presented with evidence that the death benefits are not
 41-61 being used to benefit the surviving child ~~[but the legal guardian of~~
 41-62 ~~the qualified surviving children and may require proof that a~~
 41-63 ~~person has been appointed legal guardian of the qualified surviving~~
 41-64 ~~children before authorizing any benefits to be delivered to that~~
 41-65 ~~person].~~

41-66 (k) Dependent ~~[The qualified surviving dependent]~~ parents
 41-67 of a primary party ~~[member]~~ who are entitled to receive death ~~[any]~~
 41-68 ~~survivor]~~ benefits provided by this article may only receive the
 41-69 benefits for the remainder of the dependent parents' ~~[their]~~ lives.

42-1 (1) The pension system [board] may require all qualified
 42-2 survivors [persons] receiving death benefits[, ~~including qualified~~
 42-3 ~~surviving spouses, qualified surviving children or their~~
 42-4 ~~guardians, and qualified surviving dependent parents,~~] to file
 42-5 [with the administrator, at least once every two years,] a sworn
 42-6 statement with the executive director concerning the qualified
 42-7 survivor's [their] eligibility to continue to receive death
 42-8 benefits at least once every two years, or at any other time the
 42-9 executive director considers a sworn statement to be appropriate to
 42-10 evidence the continued eligibility of the qualified survivor. [~~The~~
 42-11 ~~board may also require a sworn statement from any person receiving~~
 42-12 ~~death benefits at any time.~~] The board may withhold death benefits
 42-13 from any person who fails or refuses to file a statement when
 42-14 requested to do so.

42-15 (m) When the last qualified survivor of any primary party
 42-16 becomes ineligible to continue to receive death benefits, [~~that~~
 42-17 ~~survivor shall be paid in a lump sum]~~ an amount equal to the excess
 42-18 [difference], if any, of [between] the total amount of all
 42-19 contributions made to the fund by the primary party while a member
 42-20 over [~~and~~] the sum of all benefits paid to the primary party and
 42-21 all of the primary party's [his] qualified survivors shall be paid
 42-22 in a lump sum to the last person to receive benefits as a qualified
 42-23 survivor or, if none exists, to the member's designee. The total
 42-24 amount to be paid in benefits to the primary party and all qualified
 42-25 survivors shall never be less than the total amount of
 42-26 contributions the primary party made to the fund while a member.

42-27 (n) Notwithstanding any other provision of this section:

42-28 (1) [~~7~~] death benefits awarded to an unmarried child
 42-29 who is a qualified survivor [surviving child of a primary party] who
 42-30 is determined by the board to be disabled [handicapped] under the
 42-31 terms of Subsection (o-2) [~~o~~] of this section may be paid to the
 42-32 trustee of a management trust, supplemental needs or special needs
 42-33 trust, or comparable trust [support trust] established for the
 42-34 benefit of the child, if the trust meets the requirements set forth
 42-35 in a procedure adopted from time to time by the board [qualified
 42-36 surviving child if:

42-37 [~~(1) an opinion of counsel of the trustee of the~~
 42-38 ~~support trust is furnished to the board indicating that payments~~
 42-39 ~~made to the support trust will not, under existing law, be~~
 42-40 ~~considered a resource of the qualified surviving child under Title~~
 42-41 ~~42, Section 1396(a)(17), of the United States Code or any successor~~
 42-42 ~~statute, as well as applicable state law or regulations governing~~
 42-43 ~~the situation]; and~~

42-44 (2) as soon as practicable after the pension system
 42-45 has knowledge of an event listed in this subdivision, the pension
 42-46 system shall terminate payment of death benefits to a [coincident
 42-47 with the furnishing of the opinion of counsel, the board is provided
 42-48 with an executed original of the support trust document for the
 42-49 records of the pension system;

42-50 [~~(3) the terms of the trust provide that the board will~~
 42-51 ~~receive an annual accounting of the support trust from its trustee,~~
 42-52 ~~although the board has no legal responsibility to oversee the~~
 42-53 ~~support trust; and~~

42-54 [~~(4) the support] trust described by Subdivision (1) of~~
 42-55 this subsection effective [will terminate as soon as practicable]
 42-56 on the earlier occurrence of the following events:

42-57 (A) the date as of [on] which the [~~qualified~~
 42-58 ~~surviving] child is determined by the board to no longer be disabled~~
 42-59 [handicapped] under the terms of this section;

42-60 (B) the date on which the [~~qualified surviving]~~
 42-61 child is lawfully married;

42-62 (C) the date on which the [~~qualified surviving]~~
 42-63 child is deceased;

42-64 (D) the date on which the pension system becomes
 42-65 aware that the assets of the [support] trust are deemed to be the
 42-66 resources of the child under applicable federal or state laws or
 42-67 regulations; or

42-68 (E) if [unless otherwise excused by the board,]
 42-69 the trustee of the child's [support] trust fails to provide a court

43-1 of competent jurisdiction [the board] with an annual accounting of
 43-2 the child's trust, the date occurring [within] six months after the
 43-3 date of the close of the [support] trust's fiscal year.

43-4 (o) When a child who, as a qualified survivor, [surviving
 43-5 child who] is entitled to receive death benefits under this article
 43-6 reaches the age of 19, the [qualified surviving] child may no longer
 43-7 participate in the division of the benefits, but the same
 43-8 undiminished [qualified surviving] child's share as determined by
 43-9 this section shall be paid to any remaining [qualified surviving]
 43-10 children who are qualified survivors who remain eligible to
 43-11 continue to receive death benefits.

43-12 (o-1) If benefits are no longer payable to the trust
 43-13 described in Subsection (n)(1) of this section in accordance with
 43-14 Subsection (n)(2) of this section, the benefits are divisible and
 43-15 payable to any remaining children who are qualified survivors who
 43-16 remain eligible to receive death benefits.

43-17 (o-2) If an unmarried child [under 19 years of age.
 43-18 However, a handicapped qualified surviving child may not be removed
 43-19 from participation in the division of benefits on reaching the age
 43-20 of 19 nor may the child be barred from original participation at any
 43-21 time after reaching the age of 19, and the payments shall continue
 43-22 for the duration of the handicap. If a qualified surviving child is
 43-23 not married and], after cessation of entitlement to death benefits
 43-24 [+]because of attainment of age 19[+] but before age 23], becomes
 43-25 disabled before age 23 [handicapped], the child is entitled to
 43-26 participate in the division of death benefits under this article.
 43-27 Notwithstanding the preceding, all death benefits granted under
 43-28 this subsection are conditioned on the board finding that:

43-29 (1) the [qualified surviving] child is so physically
 43-30 or mentally disabled [handicapped], either congenitally or through
 43-31 injury suffered or disease contracted, as to be unable to be
 43-32 self-supporting or to secure and hold gainful employment or pursue
 43-33 an occupation;

43-34 (2) the [qualified surviving] child is not married;

43-35 (3) the disability [handicap] was not the result of an
 43-36 occupational injury for which the [qualified surviving] child
 43-37 received compensation equal to or greater than that provided under
 43-38 this article;

43-39 (4) the disability [handicap] was not the result of an
 43-40 intentional self-inflicted injury or a chronic illness itself
 43-41 resulting from an addiction of the [qualified surviving] child
 43-42 through a protracted course of [noncoerced] indulgence in alcohol,
 43-43 narcotics, or other substance abuse that was not coerced; and

43-44 (5) the disability [handicap] did not occur as a
 43-45 result of the [qualified surviving] child's participation in the
 43-46 commission of a felony.

43-47 (p) If a [handicapped qualified surviving] child with a
 43-48 disability received or is receiving workers' compensation
 43-49 resulting from an occupational injury equal to an amount less than
 43-50 the death benefit to be provided under this section, the difference
 43-51 shall be paid out of the assets of the fund in the form otherwise
 43-52 payable as monthly benefits. For purposes of Subsections
 43-53 [Subsection] (o), (o-1), and (o-2) of this section, if a lump sum is
 43-54 awarded for an injury, the fund's actuary may compute a
 43-55 corresponding monthly equivalent. A finding relating to a
 43-56 [qualified surviving] child's disability [handicap] is subject to
 43-57 periodic review and modification by the board.

43-58 (q) On the death or marriage of a [qualified surviving]
 43-59 child granted death benefits under this article, the death benefits
 43-60 shall cease being paid to that child; however, the same
 43-61 undiminished [qualified surviving] child's share as determined by
 43-62 this section shall be uniformly distributed among any remaining
 43-63 unmarried [qualified surviving] children who are:

43-64 (1) under 19 years of age; or

43-65 (2) disabled [and any unmarried qualified surviving
 43-66 children who are handicapped] as described by Subsection (o-2)
 43-67 [(-)] of this section and entitled to death benefits as qualified
 43-68 survivors.

43-69 (r) A spouse of a primary party who married the primary

44-1 party [resulting from any marriage to a former member or pensioner]
 44-2 after the date the primary party terminated [member or pensioner
 44-3 leaves] active service is not a qualified survivor [surviving
 44-4 spouse] and is [not] entitled only to those death benefits, if
 44-5 applicable, provided under Section 6.063 of this article.

44-6 (t) A [qualified] surviving spouse who first remarried on or
 44-7 after April 21, 1988, is eligible to receive death benefits for the
 44-8 remainder of the [qualified surviving] spouse's life provided the
 44-9 surviving spouse is a qualified survivor. This subsection may not
 44-10 be applied retroactively.

44-11 (u) The eligibility of a surviving spouse who first
 44-12 remarried before April 21, 1988, is governed by Section 6.061 of
 44-13 this article.

44-14 (v) The qualified survivors of a member who dies while
 44-15 performing qualified military service are entitled to any
 44-16 additional benefits, other than benefits relating to the qualified
 44-17 military service, that qualified survivors would have received if
 44-18 the member had returned from qualified military service the day
 44-19 before death, resumed employment, and then died.

44-20 SECTION 1.37. Part 6, Article 6243a-1, Revised Statutes, is
 44-21 amended by adding Sections 6.061, 6.062, 6.063, and 6.064 to read as
 44-22 follows:

44-23 Sec. 6.061. PROSPECTIVE REINSTATEMENT OF CERTAIN DEATH
 44-24 BENEFITS. (a) Subject to Subsection (c) of this section, the
 44-25 surviving spouse of a primary party who was a member of the old
 44-26 plan, Plan A, or Plan B whose death benefits, also referred to as
 44-27 "survivor benefits" or "widow benefits," terminated because of a
 44-28 remarriage of the surviving spouse that occurred before April 21,
 44-29 1988, is entitled to receive death benefits, on a prospective basis
 44-30 only, as of the first day of the month following the month in which
 44-31 the executive director receives the application.

44-32 (b) The board shall make reasonable efforts to notify all
 44-33 known living surviving spouses who may be entitled to a
 44-34 reinstatement of benefits under this section.

44-35 (c) A surviving spouse's properly completed, board-approved
 44-36 application for reinstatement of death benefits under this section
 44-37 must be received by the executive director not later than the 180th
 44-38 day after the date the board completes, as determined by the board,
 44-39 the reasonable efforts required by Subsection (b) of this section.

44-40 (d) A surviving spouse's application for reinstatement of
 44-41 death benefits under this section constitutes the spouse's waiver
 44-42 of any claims against the pension system, the board, the executive
 44-43 director, or any other employee of the board or the pension system
 44-44 arising out of any claim for death benefits.

44-45 (e) This section may not be applied retroactively. A
 44-46 surviving spouse may not receive death benefits attributable to
 44-47 periods before the executive director's receipt of a properly
 44-48 completed and board-approved application, and any benefit provided
 44-49 to a surviving spouse described in this section must be calculated
 44-50 as if the benefits had not terminated on the surviving spouse's
 44-51 remarriage notwithstanding the fact the reinstatement of benefits
 44-52 is not retroactive.

44-53 Sec. 6.062. LUMP-SUM PAYMENT ON DEATH OF CERTAIN MEMBERS.

44-54 (a) If an unmarried member dies while on active service and before
 44-55 beginning participation in DROP, the last person to receive
 44-56 benefits as the member's qualified survivor or, if the member does
 44-57 not have a qualified survivor living, the member's designee, shall
 44-58 be paid a lump-sum payment determined in accordance with this
 44-59 section if, at the time of the member's death, the member:

44-60 (1) had no qualified survivors; or

44-61 (2) only had qualified survivors who are children who
 44-62 become ineligible to receive death benefits before the benefits
 44-63 were paid for at least 120 consecutive months.

44-64 (b) The amount of the lump-sum payment under this section is
 44-65 the greater of:

44-66 (1) the payment that could have been provided under
 44-67 Section 6.06(m) of this article; or

44-68 (2) an amount equal to the actuarial equivalent of the
 44-69 remainder of the monthly benefits that would have been paid for the

45-1 period from the last monthly benefit payment to the end of the 120
 45-2 months, starting with the date of the first monthly benefit
 45-3 payment, if any.

45-4 (c) If no death benefit payments have been made with respect
 45-5 to the member, the amount of a monthly death benefit payment shall
 45-6 be considered to be the monthly death benefit that would have been
 45-7 paid if the member had died leaving only one dependent parent who
 45-8 was a qualified survivor.

45-9 (d) If a qualified survivor or designee is entitled to
 45-10 payment under both this section and Section 6.06(m) of this
 45-11 article, payments shall be made only under this section.

45-12 (e) The payment required under this section shall be made as
 45-13 soon as practicable after the later of the date:

45-14 (1) of the death of the member; or

45-15 (2) the last qualified survivor becomes ineligible to
 45-16 receive monthly death benefit payments.

45-17 Sec. 6.063. AUTHORITY TO ELECT CERTAIN ACTUARIALLY REDUCED
 45-18 BENEFITS. (a) The board shall adopt policies under which a member
 45-19 who is leaving active service or a pensioner may elect to accept
 45-20 actuarially reduced benefits to provide the following optional
 45-21 benefits:

45-22 (1) a 100 percent joint and survivor annuity with the
 45-23 member's or pensioner's spouse;

45-24 (2) a 50 percent joint and survivor annuity with a
 45-25 spouse who is not a qualified survivor because the marriage to the
 45-26 pensioner occurred after the pensioner terminated active service,
 45-27 provided the election is made not later than one year after the date
 45-28 of the marriage; or

45-29 (3) a death benefit for a child who is not a qualified
 45-30 survivor because the child was born or adopted after the member left
 45-31 active service, but only if the child:

45-32 (A) is a dependent of the pensioner, within the
 45-33 meaning of Section 152(a)(1) of the code; and

45-34 (B) has not attained 18 years of age at the time
 45-35 of the election.

45-36 (b) An election under this section may not be revoked by the
 45-37 member or pensioner after it is filed with the pension system.

45-38 (c) Notwithstanding any other provision of this article, an
 45-39 election under this section shall result in benefits being paid as
 45-40 prescribed by this section instead of as prescribed by Section
 45-41 6.01, 6.02, 6.04, 6.05, 6.07, or 6.08 of this article, as
 45-42 applicable.

45-43 (d) A pensioner who desires to make an election under
 45-44 Subsection (a)(1) of this section after having made an election
 45-45 under Subsection (a)(2) of this section shall incur a second
 45-46 actuarial reduction in benefits to pay for the increased survivor
 45-47 annuity.

45-48 (e) Except as provided by Subsection (f) of this section, a
 45-49 person is not entitled to the payment of benefits under this section
 45-50 with respect to a pensioner who makes an election after termination
 45-51 of active service and dies within one year after making the
 45-52 election, except the amount by which the pensioner's benefits were
 45-53 reduced are paid to the person who is entitled to receive payments
 45-54 under Section 6.064 of this article.

45-55 (f) Subsection (e) of this section does not apply to a
 45-56 person who makes an election under Subsection (a)(1) of this
 45-57 section to receive a 100 percent joint and survivor annuity with a
 45-58 spouse who is a qualified survivor at the time:

45-59 (1) the board grants a retirement pension; or

45-60 (2) a retirement pension would have been granted but
 45-61 for the fact that the person elected to participate in DROP after
 45-62 retirement.

45-63 (g) The actuarially reduced benefits being paid to the
 45-64 pensioner under this section will not be increased if the spouse
 45-65 dies before the pensioner, or if the child attains 19 years of age
 45-66 before the pensioner dies.

45-67 (h) The joint and survivor annuity or the pensioner's
 45-68 pension and child's death benefit payable under this section is the
 45-69 actuarial equivalent of the pension and death benefits, if any,

46-1 that would have been payable, at the time of the election, if the
46-2 election had not been made. On the death of the pensioner:

46-3 (1) the surviving spouse of a pensioner who made an
46-4 election under Subsection (a)(1) of this section receives a pension
46-5 that is equal to the reduced pension being received by the pensioner
46-6 at the time of death; and

46-7 (2) a surviving spouse who is not a qualified survivor
46-8 of a pensioner who made an election under Subsection (a)(2) of this
46-9 section receives a pension that is 50 percent of the reduced pension
46-10 being received by the pensioner at the time of death.

46-11 (i) A pensioner and surviving spouse receiving a death
46-12 benefit payable under this section are eligible for adjustments
46-13 under Sections 6.12 and 6.13 of this article, if the pensioner or
46-14 surviving spouse, as applicable, is otherwise entitled to those
46-15 adjustments, except that in each case the adjustment shall be
46-16 calculated so that the total pension or death benefit paid is
46-17 reduced by the same percentage the pensioner's pension is otherwise
46-18 reduced under this section.

46-19 (j) A pensioner and surviving spouse receiving a death
46-20 benefit payable under this section are not entitled to the minimum
46-21 benefits provided under Section 6.10A, 6.10B, or 6.11 of this
46-22 article.

46-23 (k) A surviving spouse receiving a death benefit payable
46-24 under this section is not entitled to the special death benefit
46-25 provided under Section 6.09 of this article.

46-26 (l) During a period in which there are two or more qualified
46-27 survivors of a member who has made a joint and survivor annuity
46-28 election under this section, the spousal benefit will be divided
46-29 among the eligible survivors under Section 6.07 or 6.08 of this
46-30 article, as applicable.

46-31 (m) A child's death benefit elected under Subsection (a)(3)
46-32 of this section is treated the same way as a death benefit to a child
46-33 who is a qualified survivor, except that it is based on the
46-34 actuarially reduced pension.

46-35 Sec. 6.064. DESIGNNEES. (a) A member, pensioner, or
46-36 qualified survivor may at any time designate, in writing, one or
46-37 more persons as a designee to receive any lump-sum payment due from
46-38 the pension system on the death of the member, pensioner, or
46-39 qualified survivor, as applicable.

46-40 (b) A designation under this section of a person other than
46-41 the spouse of the member, pensioner, or qualified survivor, as
46-42 appropriate, must be made with the written consent of the spouse, if
46-43 the individual has a spouse.

46-44 (c) A designation made under this section:

46-45 (1) may be revoked or changed at any time; and

46-46 (2) is void if the person designated dies or goes out
46-47 of existence before the payment is made.

46-48 (d) If a member, pensioner, or qualified survivor
46-49 designates a spouse to receive a payment and the parties are later
46-50 divorced, the designation is void at the time of the divorce unless
46-51 ratified in writing at the time of the divorce or after that time.

46-52 (e) A designation by a member under this section is void at
46-53 the time the member becomes a pensioner unless ratified in writing
46-54 at the time the member becomes a pensioner or after that time.

46-55 (f) If a member, pensioner, or qualified survivor does not
46-56 have a valid designee on file with the pension system at the time of
46-57 death, the designee is:

46-58 (1) the spouse;

46-59 (2) the qualified survivors, if any, if there is no
46-60 spouse;

46-61 (3) the estate of the person, if there is no spouse or
46-62 qualified survivors; or

46-63 (4) the heirs of the person, if there is no spouse,
46-64 qualified survivors, or estate.

46-65 SECTION 1.38. Sections 6.07, 6.08, 6.09, and 6.10A, Article
46-66 6243a-1, Revised Statutes, are amended to read as follows:

46-67 Sec. 6.07. GROUP A DEATH BENEFITS. (a)(1) If a Group A
46-68 member dies before leaving active service [~~retirement~~] and before
46-69 the Group A member had [~~has~~] 20 years of pension service, the Group

47-1 A member's ~~[leaving both a qualified surviving]~~ spouse and
47-2 ~~[qualified surviving]~~ children who are ~~[, the]~~ qualified ~~[surviving]~~
47-3 ~~spouse shall make an election for all]~~ survivors shall, in the
47-4 ~~aggregate, [to]~~ receive a Group A death benefit ~~[consisting in the~~
47-5 ~~aggregate of an amount]~~ equal to a Group A retirement pension
47-6 computed under the terms of Section 6.01 of this article as if the
47-7 Group A member had completed 20 years of pension service. ~~[An~~
47-8 ~~election under this subdivision, once made, is irrevocable. This~~
47-9 ~~Group A death benefit shall be divided one-half to the qualified~~
47-10 ~~surviving spouse and one-half to the qualified surviving children.]~~

47-11 (2) If a Group A ~~[pensioner dies during disability~~
47-12 ~~retirement and before the Group A pensioner had 20 years of pension~~
47-13 ~~service, leaving both a qualified surviving spouse and qualified~~
47-14 ~~children, the survivors in the aggregate shall receive a Group A~~
47-15 ~~death benefit calculated either under Sections 6.01(b) and (c) of~~
47-16 ~~this article if the Group A pensioner's Group A disability pension~~
47-17 ~~was calculated under Section 6.04(a) of this article, or under~~
47-18 ~~Section 6.01(e) of this article if the Group A pensioner's Group A~~
47-19 ~~disability pension was calculated under Section 6.04(b) of this~~
47-20 ~~article. This Group A death benefit shall be divided one-half to~~
47-21 ~~the qualified surviving spouse and one-half to the qualified~~
47-22 ~~surviving children.~~

47-23 ~~[(b)(1) If a Group A member or former Group A] member dies~~
47-24 ~~before service retirement and after the Group A member has [or~~
47-25 ~~former Group A member has] 20 years of pension service, the Group A~~
47-26 ~~member's [leaving both a qualified surviving] spouse and [qualified~~
47-27 ~~surviving] children[,] who are [the] qualified [surviving spouse~~
47-28 ~~shall make an election for all] survivors shall, in the aggregate,~~
47-29 ~~[to] receive a Group A death benefit calculated under Section 6.01~~
47-30 ~~of this article as if the Group A member [of an amount equal to a~~
47-31 ~~Group A retirement pension the Group A member or former Group A~~
47-32 ~~member would have received] had [the person] left active service on~~
47-33 ~~the date of the [death, computed under the terms of Section 6.01 of~~
47-34 ~~this article. An election under this subdivision, once made, is~~
47-35 ~~irrevocable. This] Group A member's death [benefit shall be~~
47-36 ~~divided one-half to the qualified surviving spouse and one-half to~~
47-37 ~~the qualified surviving children].~~

47-38 (3) If a Group A pensioner dies during service
47-39 retirement, the Group A pensioner's spouse and children who are
47-40 qualified survivors shall, in the aggregate, receive a Group A
47-41 death benefit in an amount equal to the Group A retirement pension
47-42 being received by the Group A pensioner on the date of the
47-43 pensioner's death.

47-44 (4) If a Group A pensioner dies after November 25,
47-45 1996, while receiving periodic disability compensation under
47-46 Section 6.05 of this article or a disability pension under Section
47-47 6.04 of this article, and before the Group A pensioner has 20 years
47-48 of pension service, the Group A pensioner's spouse and children who
47-49 are qualified survivors shall, in the aggregate, receive a Group A
47-50 death benefit calculated under Section 6.04 or 6.05 of this
47-51 article, as applicable, in the same manner as the Group A
47-52 pensioner's periodic disability compensation or disability
47-53 pension, but as if the Group A pensioner had completed 20 years of
47-54 pension service.

47-55 (5) ~~[(2)(A)]~~ If a Group A pensioner who has 20 or more
47-56 years of pension service dies during disability retirement, the
47-57 Group A pensioner's spouse and children who are qualified survivors
47-58 shall, in the aggregate, ~~[dies leaving both a qualified surviving~~
47-59 ~~spouse and qualified surviving children, the qualified surviving~~
47-60 ~~spouse shall make an election for all survivors to] receive a Group~~
47-61 ~~A death benefit in an [the] amount equal to [of] the Group A~~
47-62 ~~disability [retirement] pension being received by the Group A~~
47-63 ~~pensioner on the date of the pensioner's death.~~

47-64 (b) ~~[before the person's death. This] Group A death~~
47-65 ~~benefits under Subsection (a) of this section [benefit] shall:~~

47-66 (1) be divided one-half to the ~~[qualified surviving]~~
47-67 ~~spouse and one-half to the [qualified surviving] children who are~~
47-68 ~~qualified survivors; and [,]~~

47-69 (2) subject to ~~[(B) With] the terms of Sections~~

48-1 ~~[exception of those circumstances described by Section] 6.06(n),~~
 48-2 ~~(o), (o-1), and (o-2) of this article, be distributed in an equal~~
 48-3 ~~and uniform manner to the children described by Subdivision (1) of~~
 48-4 ~~this subsection [the Group A death benefits awarded to the~~
 48-5 ~~qualified survivors under this subsection shall be paid entirely to~~
 48-6 ~~the qualified surviving spouse and the qualified surviving~~
 48-7 ~~children. The qualified surviving children's one-half share shall~~
 48-8 ~~be equally and uniformly distributed by the qualified surviving~~
 48-9 ~~spouse to them].~~

48-10 ~~(c) [(e)(1)] If a Group A member or pensioner [former Group~~
 48-11 ~~A member] dies leaving no [qualified surviving] spouse or~~
 48-12 ~~[qualified surviving] children who are qualified survivors, the~~
 48-13 ~~[but leaves surviving one or both qualified surviving dependent~~
 48-14 ~~parents, the qualified surviving] dependent parents who are~~
 48-15 ~~qualified survivors shall [may elect to] receive a Group A death~~
 48-16 ~~benefit equal to the death benefit otherwise payable under~~
 48-17 ~~Subsection (a) of this section. The death benefit payable to the~~
 48-18 ~~dependent parents under this subsection shall be divided equally~~
 48-19 ~~between the parents regardless of whether the parents are married~~
 48-20 ~~or living at the same residence. [Group A retirement pension the~~
 48-21 ~~Group A member or former Group A member would have been entitled to~~
 48-22 ~~under Section 6.01 of this article after leaving active service. If~~
 48-23 ~~there are two qualified dependent parents, the election must be~~
 48-24 ~~mutual. An election under this subdivision, once made, is~~
 48-25 ~~irrevocable. The qualified surviving dependent parents of a Group~~
 48-26 ~~A pensioner shall receive a Group A death benefit equal to the~~
 48-27 ~~amount of the actual Group A retirement pension being received at~~
 48-28 ~~the time of the pensioner's death, divided equally between the~~
 48-29 ~~qualified surviving dependent parents.~~

48-30 ~~[(2) If a Group A pensioner dies during disability~~
 48-31 ~~retirement and before the Group A pensioner had 20 years of pension~~
 48-32 ~~service, leaving no qualified surviving spouse or qualified~~
 48-33 ~~surviving children, but leaves surviving one or both qualified~~
 48-34 ~~surviving dependent parents, the qualified surviving dependent~~
 48-35 ~~parents may elect to receive a Group A death benefit calculated~~
 48-36 ~~either: under Sections 6.01(b) and (c) of this article if the Group~~
 48-37 ~~A pensioner's Group A disability pension was calculated under~~
 48-38 ~~Section 6.04(a) of this article, or under Section 6.01(e) of this~~
 48-39 ~~article if the Group A pensioner's Group A disability pension was~~
 48-40 ~~calculated under Section 6.04(b) of this article. An election~~
 48-41 ~~under this subdivision, once made, is irrevocable.~~

48-42 ~~[(d)] If there is only one [qualified surviving] dependent~~
 48-43 ~~parent, that [the] parent is entitled to one-half of the death~~
 48-44 ~~benefit described in [amount determined under Subsection (c)(1) or~~
 48-45 ~~(c)(2) of] this subsection [section].~~

48-46 Sec. 6.08. GROUP B DEATH BENEFITS. (a) If a Group B member
 48-47 dies while on active service, a [former] Group B member who left
 48-48 active service and is vested under Section 5.06 of this article
 48-49 dies, or a Group B pensioner dies while receiving [on] service or
 48-50 disability retirement or while receiving periodic disability
 48-51 compensation under Section 6.05 of this article, the person's
 48-52 qualified survivors, or the person described in Section 6.06(g) or
 48-53 (j) of this article as the recipient of the children's benefits
 48-54 [guardian of the qualified surviving children if no qualified
 48-55 surviving spouse exists], may make application for Group B death
 48-56 benefits. If the deceased [The qualified surviving spouse of a
 48-57 Group B member or former Group B member described by this
 48-58 subsection, the guardian of the qualified surviving children of the
 48-59 person if no qualified surviving spouse exists, or the qualified
 48-60 dependent parents if no qualified surviving spouse or qualified
 48-61 surviving children exist, have the option to select whether Group A
 48-62 or Group B death benefits are received, if the Group B member or
 48-63 former] Group B member was previously eligible to elect whether to
 48-64 receive either a Group A or Group B retirement pension, the option
 48-65 to elect whether Group A or Group B death benefits are received
 48-66 shall be exercised by one of the following:

- 48-67 (1) a qualified survivor who is the spouse of the
- 48-68 deceased Group B member described by this subsection;
- 48-69 (2) the person described in Section 6.06(g) or (j) of

49-1 this article as the recipient of benefits on behalf of the deceased
49-2 member's children who are qualified survivors, if no spouse is a
49-3 qualified survivor; or

49-4 (3) the qualified survivors who are dependent parents
49-5 of the deceased member, if there is neither a spouse nor children
49-6 who are qualified survivors.

49-7 (a-1) A qualified survivor who receives Group A death
49-8 benefits under Subsection (a) of this section [subsection] is
49-9 entitled to a ratable portion of a reimbursement from the fund in
49-10 the same amount and manner determined under Section 5.03(d) of this
49-11 article. A qualified survivor or guardian desiring a refund of
49-12 excess contributions must make application for the refund with the
49-13 executive director [administrator] within three years after the
49-14 date the qualified survivor or guardian makes application for Group
49-15 A death benefits. The option contained in this subsection is not
49-16 available to qualified survivors of a Group B member [or former
49-17 Group B member] who had, at the time of death, already applied for a
49-18 retirement pension and selected a Group A retirement pension as
49-19 provided by Section 5.03(c) or (c-1) of this article, but the
49-20 qualified survivors are entitled to receive a Group A death
49-21 benefit.

49-22 (b) Subject to Subsection (b-2) of this section, death
49-23 [Death] benefits shall be computed as follows for the qualified
49-24 survivors of Group B members who die while on active service:

49-25 (1) the [A qualified surviving spouse's Group B] death
49-26 benefit of a qualified survivor who is the spouse of a member who
49-27 began active service:

49-28 (A) before March 1, 2011, shall be the sum of:

49-29 (i) the number of years of pension service
49-30 earned before September 1, 2017, prorated for fractional years,
49-31 times 1.5 percent of the [computed at the rate of 1.5 percent of the
49-32 Group B member's] average computation pay determined over the 36
49-33 [60] consecutive months of pension service in which the Group B
49-34 member received the highest computation pay; plus

49-35 (ii) the number of [, for each year, and
49-36 prorated for fractional years, of pension service with a minimum of
49-37 20] years of pension service, including pension service credit
49-38 imputed under Section 6.05(c) of this article, after September 1,
49-39 2017, prorated for fractional years, times the applicable
49-40 percentage rate set forth below [assumed, or 30 percent] of the
49-41 average computation pay determined over the 60 consecutive months
49-42 of pension service in which the Group B member received the highest
49-43 computation pay;

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
<u>58 and older</u>	<u>1.25%</u>
<u>57</u>	<u>1.2%</u>
<u>56</u>	<u>1.15%</u>
<u>55</u>	<u>1.10%</u>
<u>54</u>	<u>1.05%</u>
<u>53 and younger</u>	<u>1.0%; or</u>

49-51 (B) on or after March 1, 2011, shall be the number
49-52 of years of pension service, including pension service imputed
49-53 under Section 6.05(c) of this article, prorated for fractional
49-54 years, times 1.25 percent of the average computation pay determined
49-55 over the 60 consecutive months of pension service in which the Group
49-56 B member received the highest computation pay;

49-57 (2) the death benefit of qualified survivors who are a
49-58 member's children shall be computed in the same manner as a spouse's
49-59 benefit is computed under Subdivision (1)(A) or (B) of this
49-60 subsection, as applicable, and shall be divided equally among all
49-61 of the children who are qualified survivors; and

49-62 (3) the death benefit of each qualified survivor who
49-63 is a member's dependent parent shall be computed in the same manner
49-64 as a spouse's Group B benefit is computed under Subdivision (1)(A)
49-65 or (B) of this subsection, as applicable.

49-66 (b-1) Pension service for purposes of the calculation under
49-67 Subsection (b) of this section may not be less than 20 years. Any
49-68 partial year of pension service for the first 20 years of pension
49-69 service is counted as a full year of pension service, if the member

50-1 was considered by the member's department to have worked a normal
50-2 full-time schedule at the time of the member's death.

50-3 (b-2) The death benefit calculated under Subsection (b) of
50-4 this section may not exceed the greater of:

50-5 (1) 45 ~~[a computation for 32 years of pension service,~~
50-6 ~~or 48]~~ percent of the member's average computation pay determined
50-7 over the 36 or 60 consecutive months, as applicable, in which the
50-8 Group B member received the highest computation pay; or

50-9 (2) the vested and accrued death benefit as determined
50-10 on August 31, 2017.

50-11 (b-3) For purposes of Subsections (b) through (b-2) of this
50-12 section:

50-13 (1) if ~~[if]~~ the Group B member had less than 36 or 60
50-14 consecutive months, as applicable, ~~[five years]~~ of pension service,
50-15 the average computation pay will be computed based on the person's
50-16 entire pension service; and

50-17 (2) days during which the member earned no pension
50-18 service due to a termination of active service or otherwise must be
50-19 disregarded in determining the 36 or 60 consecutive months of
50-20 highest computation pay.

50-21 ~~[(2) A qualified surviving child's Group B death~~
50-22 ~~benefit shall be computed in the same manner as a qualified~~
50-23 ~~surviving spouse's benefit is computed under Subdivision (1) of~~
50-24 ~~this subsection and shall be divided equally among all of the~~
50-25 ~~qualified surviving children.]~~

50-26 ~~[(3) Each qualified surviving dependent parent's Group~~
50-27 ~~B death benefit shall be computed in the same manner as a qualified~~
50-28 ~~surviving spouse's Group B benefit is computed under Subdivision~~
50-29 ~~(1) of this subsection.]~~

50-30 (c) Group B death benefits shall be computed as follows for
50-31 the qualified survivors of any ~~[former]~~ Group B member who died
50-32 after leaving active service and who had vested rights under
50-33 Section 5.06 of this article but who had not received ~~[Group B]~~
50-34 retirement benefits ~~[under Section 6.02 of this article]~~ at the
50-35 time of death:

50-36 (1) the death benefit of a ~~[The]~~ qualified survivor
50-37 who is the member's ~~[surviving]~~ spouse ~~[of the former Group B~~
50-38 ~~member]~~ is ~~[entitled to a Group B death benefit]~~ equal to 50 percent
50-39 of any ~~[Group B]~~ retirement pension the ~~[former Group B]~~ member
50-40 would have been entitled to ~~[under Section 6.02 of this article]~~ as
50-41 of the date the ~~[former Group B]~~ member left active service; ~~[-]~~

50-42 (2) the death benefits of ~~[The]~~ qualified survivors
50-43 who are the member's ~~[surviving]~~ children ~~[of the former Group B~~
50-44 ~~member]~~ are ~~[entitled to a Group B benefit]~~ calculated in the same
50-45 manner as the spouse's benefit is computed under Subdivision (1) of
50-46 this subsection ~~[Group B death benefit of a qualified surviving~~
50-47 ~~spouse]~~, to be divided equally between the ~~[qualified surviving]~~
50-48 children; ~~and[-]~~

50-49 (3) the death benefit of each ~~[Each of the]~~ qualified
50-50 survivor who is the member's ~~[surviving]~~ dependent parent ~~[parents~~
50-51 ~~of the former Group B member]~~ is ~~[entitled to a Group B death~~
50-52 ~~benefit]~~ equal to 50 percent of any ~~[Group B]~~ retirement pension the
50-53 ~~[former Group B]~~ member would have been entitled to ~~[under the~~
50-54 ~~provisions of Section 6.02 of this article]~~ as of the date the
50-55 ~~[former Group B]~~ member left active service.

50-56 (d) Group B death benefits shall be computed as follows for
50-57 the qualified survivors of any Group B pensioner ~~[of this plan]~~ who
50-58 dies while receiving service ~~[a Group B]~~ retirement ~~[pension]:~~

50-59 (1) the death benefit of a ~~[The]~~ qualified ~~[surviving]~~
50-60 survivor who is the pensioner's spouse ~~[of a Group B pensioner]~~ is
50-61 ~~[entitled to Group B death benefits]~~ equal to 50 percent of any
50-62 retirement pension the Group B pensioner was receiving at the time
50-63 of death; ~~[-]~~

50-64 (2) the death benefits of qualified survivors who are
50-65 the pensioner's ~~[The qualified surviving]~~ children ~~[of a Group B~~
50-66 ~~pensioner]~~ are ~~[entitled to a Group B death benefit]~~ calculated in
50-67 the same manner as the spouse's benefit is computed under
50-68 Subdivision (1) of this subsection ~~[Group B death benefit of a~~
50-69 ~~qualified surviving spouse]~~, to be divided equally between the

51-1 ~~[qualified surviving] children; and[-]~~
 51-2 (3) ~~the death benefit of each [Each of the] qualified~~
 51-3 ~~survivor who is the pensioner's [surviving] dependent parent~~
 51-4 ~~[parents of a Group B pensioner] is [entitled to a Group B death~~
 51-5 ~~benefit] equal to 50 percent of any retirement pension the Group B~~
 51-6 ~~pensioner was receiving at the time of death.~~

51-7 (e) Group B death benefits shall be computed as follows for
 51-8 the qualified survivors of any Group B pensioner who dies while
 51-9 receiving disability retirement or while receiving periodic [a
 51-10 Group B] disability compensation under Section 6.05 of this article
 51-11 [pension due to either a service-connected or nonservice-connected
 51-12 disability]:

51-13 (1) ~~the death benefit of a [The] qualified surviving~~
 51-14 ~~who is the pensioner's [surviving] spouse [of the Group B~~
 51-15 ~~pensioner] is [entitled to the greater of a Group B death benefit]~~
 51-16 ~~equal to 50 percent of any Group B periodic disability compensation~~
 51-17 ~~or disability pension the Group B pensioner would have been~~
 51-18 ~~entitled to [under Section 6.05 of this article] as of the date the~~
 51-19 ~~Group B pensioner left active service because of disability, or a~~
 51-20 ~~Group B death benefit equal to 50 percent of any periodic disability~~
 51-21 ~~compensation or [Group B] disability pension the Group B pensioner~~
 51-22 ~~was receiving at the time of death;[-]~~

51-23 (2) ~~the death benefits of [The] qualified survivors~~
 51-24 ~~who are the pensioner's [surviving] children [of the Group B~~
 51-25 ~~pensioner] are [entitled to a Group B death benefit] calculated in~~
 51-26 ~~the same manner as the spouse's [Group B death] benefit is computed~~
 51-27 ~~under Subdivision (1) of this subsection [of a qualified surviving~~
 51-28 ~~spouse], to be divided equally between the [qualified surviving]~~
 51-29 ~~children; and[-]~~

51-30 (3) ~~the death benefit of each [Each of the] qualified~~
 51-31 ~~survivor who is the pensioner's [surviving] dependent parent~~
 51-32 ~~[parents of the Group B pensioner] is [entitled to the greater of a~~
 51-33 ~~Group B death benefit] equal to 50 percent of any periodic~~
 51-34 ~~disability compensation or disability pension the Group B pensioner~~
 51-35 ~~would have been entitled to [under Section 6.05 of this article] as~~
 51-36 ~~of the date the Group B pensioner left active service because of~~
 51-37 ~~disability, or a Group B death benefit equal to 50 percent of any~~
 51-38 ~~periodic disability compensation or [Group B] disability pension~~
 51-39 ~~the Group B pensioner was receiving at the time of death.~~

51-40 Sec. 6.09. QUALIFIED SURVIVING SPOUSE SPECIAL DEATH
 51-41 BENEFIT. (a) ~~A person who is the [Notwithstanding Sections 6.06~~
 51-42 ~~and 6.07 of this article, the qualified surviving] spouse of a Group~~
 51-43 ~~A primary party, who is a qualified survivor, and who is entitled to~~
 51-44 ~~death benefits under Sections 6.06, 6.061, 6.062, 6.063, and 6.07~~
 51-45 ~~of this article is also entitled to a special death benefit under~~
 51-46 ~~this section if:~~

51-47 (1) ~~the Group A primary party:~~
 51-48 (A) ~~[elected to receive a Group A retirement~~
 51-49 ~~pension and later died, was receiving a disability or retirement~~
 51-50 ~~pension either under the terms of Plan A before the original~~
 51-51 ~~enactment of this article or elected to receive a Group A retirement~~
 51-52 ~~pension under Sections 6.01(c), (f), and (g) of this article and~~
 51-53 ~~later died, or was receiving a Group A disability pension under~~
 51-54 ~~Section 6.04(c) of this article and later died;~~

51-55 ~~[(2) the Group A primary party (i)] had at least 20~~
 51-56 ~~years of pension service, [and] left active service after October~~
 51-57 ~~1, 1985, and was at least 55 years of age on the earlier of the date~~
 51-58 ~~the primary party:~~

51-59 (i) ~~left active service; or~~
 51-60 (ii) ~~began participation in DROP [or~~
 51-61 ~~older]; or~~

51-62 (B) ~~had [(ii) on or after May 1, 1990, the Group A~~
 51-63 ~~primary party, after accruing] at least 20 years of pension~~
 51-64 ~~service, left active service on or after May 31, 2000, and on the~~
 51-65 ~~earlier of the date the primary party left active service or began~~
 51-66 ~~participation in DROP, [and] had a total of at least 78 [80]~~
 51-67 ~~credits, with each year of pension service, prorated for fractional~~
 51-68 ~~years, equal to one credit and with each year of age, prorated for~~
 51-69 ~~fractional years, equal to one credit; or [and]~~

52-1 (2) the ~~[(3) the qualified surviving]~~ spouse has
 52-2 attained 55 years of age and there are no ~~[qualified surviving]~~
 52-3 children who are qualified survivors eligible for death benefits.

52-4 (b) Until the requirements of Subsection (a) of this section
 52-5 are satisfied, a qualified survivor who is the spouse of a Group A
 52-6 primary party ~~[surviving spouse]~~ shall receive a Group A death
 52-7 benefit in accordance with Section 6.07 of this article.

52-8 (c) The special Group A death benefit under Subsection (a)
 52-9 of this section is calculated based on the following formula:

52-10 $(P \times P \times A) + (P \times C) + D$, where

52-11 A = base pay at the time the Group A primary party began
 52-12 participation in DROP, begins service retirement, dies, or becomes
 52-13 disabled, plus longevity pay, plus one-twelfth of last-received
 52-14 city service incentive pay;

52-15 B = Group A primary party's benefit calculated at the time the
 52-16 Group A primary party began participation in DROP, begins service
 52-17 retirement, dies, or becomes disabled;

52-18 P = B/A (expressed as a percentage or a decimal);

52-19 C = the number of adjustments made to a Group A primary
 52-20 party's ~~[Group A] retirement pension, disability pension, or~~
 52-21 ~~periodic [Group A] disability compensation, [pension under Section~~
 52-22 ~~6.04 of this article]~~ multiplied by the amount of the adjustments;
 52-23 and

52-24 D = the number of adjustments made under this article to the
 52-25 ~~[a qualified surviving spouse's]~~ Group A death benefit of a spouse
 52-26 who is a qualified survivor under Section 6.07 of this article,
 52-27 multiplied by the amount of the adjustments.

52-28 (d) A person who is the ~~[Notwithstanding Sections 6.03 and~~
 52-29 ~~6.05 of this article, a qualified surviving]~~ spouse of a Group B
 52-30 primary party, who is a qualified survivor, and who is entitled to
 52-31 any death benefits under Sections 6.06, 6.061, 6.062, 6.063, and
 52-32 ~~[or]~~ 6.08 of this article is also entitled to a special benefit
 52-33 under this section if:

52-34 (1) the Group B primary party ~~[elected to receive a~~
 52-35 ~~Group B retirement pension and later died, or was receiving a Group~~
 52-36 ~~B disability or retirement pension under this article and died,~~

52-37 ~~[(2) the Group B primary party]:~~

52-38 (A) had at least 20 years of pension service,
 52-39 left active service after October 1, 1985, and was at least 55 years
 52-40 of age at the earlier of the date the primary party left ~~[time of~~
 52-41 ~~leaving]~~ active service or began participation in DROP; or

52-42 (B) on or after May 31, 2000 ~~[1, 1990]~~, ~~[the Group~~
 52-43 ~~B primary party]~~ left active service or began participation in
 52-44 DROP, whichever was earlier, having a total of at least 78 ~~[80]~~
 52-45 credits, with each year of pension service, prorated for fractional
 52-46 years, equal to one credit and with each year of age, determined at
 52-47 the time the Group B primary party left active service or began
 52-48 participation in DROP, prorated for fractional years, equal to one
 52-49 credit; or ~~[and]~~

52-50 (2) ~~[(3)]~~ the ~~[qualified surviving]~~ spouse has
 52-51 attained 55 years of age, and there are no ~~[qualified surviving]~~
 52-52 children of the primary party who are qualified survivors.

52-53 (d-1) Until the requirements of Subsection (d) ~~[(e)]~~ of this
 52-54 section are satisfied, a spouse who is a qualified survivor
 52-55 ~~[surviving spouse]~~ may only receive a Group B death benefit in
 52-56 accordance with Sections 6.06, 6.061, 6.062, 6.063, ~~[6.03]~~ and 6.08
 52-57 ~~[6.05]~~ of this article.

52-58 (e) The ~~[This]~~ special Group B death ~~[survivor]~~ benefit
 52-59 under Subsection (d) of this section is calculated based on the
 52-60 following formula:

52-61 $(P \times P \times A) + (P \times C) + D$, where

52-62 A = average monthly computation pay at the time the Group B
 52-63 primary party begins service retirement, dies, ~~[or]~~ becomes
 52-64 disabled, or begins participation in DROP;

52-65 B = the Group B primary party's benefit ~~[Group B retirement or~~
 52-66 ~~Group B disability pension]~~ calculated at the time the Group B
 52-67 primary party begins participation in DROP, begins to receive
 52-68 service ~~[or disability]~~ retirement, ~~[or]~~ dies, or becomes disabled;

52-69 P = B/A (expressed as a percentage or a decimal);

53-1 C = the number of post-retirement [~~postretirement~~]
 53-2 adjustments made to a Group B primary party's [~~Group B~~] retirement
 53-3 pension, disability pension, or periodic [~~Group B~~] disability
 53-4 compensation [~~pension under Section 6.05 of this article~~]
 53-5 multiplied by the amount of the adjustments; and

53-6 D = the number of adjustments made to the [~~a qualified~~
 53-7 ~~surviving spouse's~~] Group B death benefit of a qualified survivor
 53-8 who is the primary party's spouse under Section 6.08 of this article
 53-9 multiplied by the amount of the adjustments.

53-10 Sec. 6.10A. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY
 53-11 PARTIES WHO WERE GROUP A, OLD PLAN, OR COMBINED PENSION PLAN MEMBERS
 53-12 [~~ELECT TO RECEIVE RETIREMENT PENSION UNDER SECTIONS 6.01(B) AND~~
 53-13 ~~(C)] AND THEIR QUALIFIED SURVIVORS. (a) Except as provided by~~
 53-14 Section 6.063 of this article or Subsections (b) and (h) of this
 53-15 section and notwithstanding any benefit computation and
 53-16 determination to the contrary contained in this article, the
 53-17 minimum Group A benefits provided by this section shall be paid to
 53-18 any Group A primary party who elects to receive a Group A retirement
 53-19 pension under Sections 6.01(b) and (c) of this article, the old
 53-20 plan, or former Section 14(a) of this article, or to the primary
 53-21 party's qualified survivors [~~. The benefits under this section~~
 53-22 ~~shall be distributed in accordance with Sections 6.01(b) and (c),~~
 53-23 ~~6.04(a), or 6.07 of this article, as applicable], except that a~~
 53-24 Group A primary party who elects to receive an actuarially reduced
 53-25 [Group A retirement pension because of the primary party's request
 53-26 to receive a Group A] retirement pension before 50 years of age and
 53-27 the primary party's qualified survivors are not entitled to the
 53-28 [Group A] minimum benefits specified under this section. An
 53-29 alternate payee is not entitled to the Group A minimum benefits
 53-30 specified in this section.

53-31 (b) A Group A primary party who elects to receive a Group A
 53-32 retirement pension under Sections 6.01(b) and (c) of this article,
 53-33 the old plan, or former Section 14(a) of this article and who left
 53-34 active service with 20 or more years of pension service is entitled
 53-35 to receive a minimum Group A retirement pension of \$2,200 [~~\$1,500~~] a
 53-36 month. [~~If the Group A primary party's Group A retirement pension~~
 53-37 ~~is subject to a qualified domestic relations order and the sum of~~
 53-38 ~~the actuarial equivalents of the monthly benefits payable to the~~
 53-39 ~~Group A primary party and the alternate payee is less than the~~
 53-40 ~~actuarial equivalent of the minimum monthly Group A retirement~~
 53-41 ~~pension described by this subsection, the Group A primary party's~~
 53-42 ~~monthly Group A retirement pension will be increased so that the sum~~
 53-43 ~~of the actuarial equivalents of the alternate payee's and the Group~~
 53-44 ~~A primary party's monthly Group A retirement pension equals the~~
 53-45 ~~actuarial equivalent of the minimum monthly Group A retirement~~
 53-46 ~~pension calculated under this subsection.]~~

53-47 (c) In the absence of children who are [A] qualified
 53-48 survivors, a [~~surviving~~] spouse who is a qualified survivor of a
 53-49 Group A primary party who elected to receive a Group A retirement
 53-50 pension under Sections 6.01(b) and (c) of this article, the old
 53-51 plan, or former Section 14(a) of this article will receive a minimum
 53-52 monthly Group A death benefit of \$1,200 [~~\$750~~].

53-53 (d) A spouse who is a qualified survivor [~~surviving spouse~~]
 53-54 of a Group A primary party who elected to receive a Group A
 53-55 retirement pension under Sections 6.01(b) and (c) of this article,
 53-56 the old plan, or former Section 14(a) of this article will receive,
 53-57 if there are children who are qualified survivors [~~surviving~~
 53-58 ~~children~~], a minimum Group A death benefit of \$1,100 [~~\$750~~] a month.
 53-59 [~~The qualified surviving children, as a group, will receive a~~
 53-60 ~~minimum Group A death benefit of \$750 a month, to be divided equally~~
 53-61 ~~among them.]~~

53-62 (e) In the absence of a spouse who is a qualified survivor
 53-63 [~~surviving spouse~~] of a Group A primary party who elected to receive
 53-64 a Group A retirement pension under Section [~~Sections~~] 6.01(b),
 53-65 [~~and~~] (c), or (e) of this article, the old plan, or former Section
 53-66 14(a) of this article, the primary party's children who are
 53-67 qualified survivors [~~surviving children~~], as a group, will receive
 53-68 a minimum Group A death benefit of \$1,100 [~~\$750~~] a month, to be
 53-69 divided equally among them.

54-1 (f) ~~If there is neither a [In the absence of both a qualified~~
54-2 ~~surviving] spouse nor a child who is a [and] qualified survivor~~
54-3 ~~[surviving children] of a Group A primary party who elected to~~
54-4 ~~receive a Group A retirement pension under Sections 6.01(b) and (c)~~
54-5 ~~of this article, the old plan, or former Section 14(a) of this~~
54-6 ~~article, each [qualified surviving] dependent parent who is a~~
54-7 ~~qualified survivor will receive a minimum Group A death benefit of~~
54-8 ~~\$1,100 [\$750] a month. If only one of them is surviving, that [the~~
54-9 ~~qualified surviving] dependent parent will receive a minimum Group~~
54-10 ~~A death benefit equal to \$1,100 [\$750] a month.~~

54-11 (g) Notwithstanding the minimum monthly benefit described
54-12 in other subsections of this section, a Group A primary party who
54-13 receives periodic disability compensation under Section 6.05(b) of
54-14 this article or a Group A disability pension under Section 6.04(a)
54-15 of this article, the old plan, or former Section 17(a) of this
54-16 article, [calculated in the same manner as a Group A retirement
54-17 pension under Sections 6.01(b) and (c) of this article,] shall
54-18 receive a minimum Group A disability pension equal to \$2,200
54-19 [\$1,500] a month.

54-20 (h) If a Group A pensioner who received a monthly benefit
54-21 under Section 6.05(b-1) of this article or a disability pension
54-22 under Section 6.04(a) of this article, calculated in the same
54-23 manner as a Group A retirement pension under Sections 6.01(b) and
54-24 (c) of this article, the old plan, or former Section 17(a) of this
54-25 article ~~[primary party's disability pension is subject to a~~
54-26 ~~qualified domestic relations order and the sum of the actuarial~~
54-27 ~~equivalents of the monthly benefits payable to the Group A primary~~
54-28 ~~party and the alternate payee is less than the actuarial equivalent~~
54-29 ~~of the minimum monthly Group A disability pension determined under~~
54-30 ~~Subsection (g) of this section, the Group A primary party's minimum~~
54-31 ~~monthly Group A disability pension will be increased so that the sum~~
54-32 ~~of the actuarial equivalents of the alternate payee's and the Group~~
54-33 ~~A primary party's minimum monthly Group A disability pension equals~~
54-34 ~~the amount determined under Subsection (g) of this section.~~

54-35 ~~[(i) If a Group A pensioner who received a disability under~~
54-36 ~~Section 6.04(a) of this article, calculated in the same manner as a~~
54-37 ~~Group A retirement pension under Sections 6.01(b) and (c) of this~~
54-38 ~~article] before the completion of 20 years of pension service dies,~~
54-39 ~~the qualified survivors will receive a minimum Group A death~~
54-40 ~~benefit as provided under Subsection (c), (d), (e), or (f) of this~~
54-41 ~~section, as applicable, whichever is greatest.~~

54-42 SECTION 1.39. The heading to Section 6.10B, Article
54-43 6243a-1, Revised Statutes, is amended to read as follows:

54-44 Sec. 6.10B. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY
54-45 PARTIES WHO WERE GROUP A, PLAN A, OR COMBINED PLAN MEMBERS ~~[ELECT TO~~
54-46 ~~RECEIVE RETIREMENT PENSION UNDER SECTION 6.01(E)]~~ AND THEIR
54-47 QUALIFIED SURVIVORS.

54-48 SECTION 1.40. Sections 6.10B(a), (b), (c), (d), (e), (f),
54-49 (g), and (i), Article 6243a-1, Revised Statutes, are amended to
54-50 read as follows:

54-51 (a) Except as provided by Section 6.063 of this article and
54-52 Subsection [Subsections] (b) [and (h)] of this section and
54-53 notwithstanding any benefit computation and determination to the
54-54 contrary contained in this article, the minimum Group A benefits
54-55 provided by this section shall be paid to any Group A primary party
54-56 who elects to receive a Group A retirement pension under Section
54-57 6.01(e) of this article, Plan A, or former Section 14(b) of this
54-58 article or to the primary party's qualified survivors~~[. The~~
54-59 ~~benefits under this section shall be distributed in accordance with~~
54-60 ~~Section 6.01(e), 6.04(b), or 6.07 of this article, as applicable],~~
54-61 except that a Group A primary party who elects to receive an
54-62 actuarially reduced Group A retirement pension ~~[because of the~~
54-63 ~~primary party's request to receive a Group A retirement pension]~~
54-64 before 55 years of age and the primary party's qualified survivors
54-65 are not entitled to the ~~[Group A] minimum benefits specified in~~
54-66 ~~[under] this section. An alternate payee is not entitled to the~~
54-67 ~~Group A minimum benefits specified in this section.~~

54-68 (b) A Group A primary party who elects [elected] to receive
54-69 a Group A retirement pension under Section 6.01(e) of this article,

55-1 Plan A, or former Section 14(b) of this article and who left active
 55-2 service with 20 or more years of pension service is entitled to
 55-3 receive a minimum [Group A] retirement pension equal to the greater
 55-4 of \$2,200 [(i) \$1,500] a month or [(ii)] \$1,000 a month adjusted, if
 55-5 applicable, in the manner described by Section 6.12 [6.12(a)] of
 55-6 this article. [If the Group A primary party's Group A retirement
 55-7 pension is subject to a qualified domestic relations order and the
 55-8 sum of the actuarial equivalents of the monthly benefits payable to
 55-9 the Group A primary party and the alternate payee is less than the
 55-10 actuarial equivalent of the minimum monthly Group A retirement
 55-11 pension described by this subsection, the Group A primary party's
 55-12 monthly Group A retirement pension will be increased so that the sum
 55-13 of the actuarial equivalents of the alternate payee's and the Group
 55-14 A primary party's monthly Group A retirement pension equals the
 55-15 actuarial equivalent of the minimum monthly Group A retirement
 55-16 pension calculated under this subsection.]

55-17 (c) In the absence of children who are [A] qualified
 55-18 survivors, a [surviving] spouse who is a qualified survivor of a
 55-19 Group A primary party who elects [elected] to receive a Group A
 55-20 retirement pension under Section 6.01(e) of this article, Plan A,
 55-21 or former Section 14(b) of this article will receive a minimum
 55-22 monthly [Group A] death benefit equal to the greater of \$1,200
 55-23 [(i) \$750] a month or [(ii)] \$500 a month adjusted, if applicable,
 55-24 in the manner described by Section 6.12 [6.12(a)] of this article.

55-25 (d) A spouse who is a qualified survivor [surviving spouse]
 55-26 of a Group A primary party who elects to receive a Group A
 55-27 retirement pension under Section 6.01(e) of this article, Plan A,
 55-28 or former Section 14(b) of this article will receive, if there are
 55-29 children who are qualified survivors [surviving children], a
 55-30 minimum Group A death benefit equal to the greater of \$1,100 [(i)
 55-31 \$750] a month or [(ii)] \$500 a month adjusted, if applicable, in the
 55-32 manner described by Section 6.12 [6.12(a)] of this article. The
 55-33 children who are qualified survivors [surviving children], as a
 55-34 group, will receive a minimum [Group A] death benefit equal to the
 55-35 greater of \$1,100 [(iii) \$750] a month or [(iv)] \$500 a month
 55-36 adjusted, if applicable, in the manner described by Section 6.12
 55-37 [6.12(a)] of this article, to be divided equally among them.

55-38 (e) In the absence of a spouse who is a qualified survivor
 55-39 [surviving spouse] of a Group A primary party who elected to receive
 55-40 a Group A retirement pension under Section 6.01(e) of this article,
 55-41 Plan A, or former Section 14(b) of this article, the [the qualified
 55-42 surviving children of a Group A] primary party's children who are
 55-43 qualified survivors [party], as a group, will receive a minimum
 55-44 Group A death benefit equal to the greater of \$1,100 [(i) \$750] a
 55-45 month or [(ii)] \$500 a month adjusted, if applicable, in the manner
 55-46 described by Section 6.12 [6.12(a)] of this article, to be divided
 55-47 equally among them.

55-48 (f) If there is neither a [In the absence of both a qualified
 55-49 surviving] spouse nor child who is a [and] qualified survivor
 55-50 [surviving children] of a Group A primary party who elected to
 55-51 receive a Group A retirement pension under Section 6.01(e) of this
 55-52 article, Plan A, or the former Section 14(b) of this article, each
 55-53 [qualified surviving] dependent parent who is a qualified survivor
 55-54 will receive a minimum Group A death benefit equal to the greater of
 55-55 \$1,100 [(i) \$750] a month or [(ii)] \$500 a month adjusted, if
 55-56 applicable, in the manner described by Section 6.12 [6.12(a)] of
 55-57 this article. If only one of them is surviving, that [the qualified
 55-58 surviving] dependent parent will receive a minimum Group A death
 55-59 benefit equal to the greater of \$1,100 [(iii) \$750] a month or
 55-60 [(iv)] \$500 a month adjusted, if applicable, in the manner
 55-61 described by Section 6.12 [6.12(a)] of this article.

55-62 (g) Notwithstanding the minimum monthly benefit as
 55-63 described in other subsections of this section, a Group A primary
 55-64 party who leaves active service on a non-service-connected
 55-65 [nonservice-connected] disability under Section 6.04(a)
 55-66 [6.04(b)(2)] of this article, Plan A, or former Section 17(b)(2) of
 55-67 this article with less than 20 years of pension service shall
 55-68 receive a minimum monthly Group A disability pension equal to the
 55-69 greater of \$110 [(i) \$75] multiplied by the number of years of the

56-1 primary party's pension service or ~~[(ii)]~~ \$50 multiplied by the
 56-2 number of years of the primary party's pension service, the product
 56-3 adjusted, if applicable, in the manner described by Section 6.12
 56-4 ~~[6.12(a)]~~ of this article.

56-5 (i) If a Group A pensioner who received a
 56-6 non-service-connected ~~[nonservice-connected]~~ disability pension
 56-7 under Section 6.04(a) ~~[6.04(b)(2)]~~ of this article, Plan A, or
 56-8 former Section 17(b)(2) of this article before the completion of 20
 56-9 years of pension service dies, the qualified survivors will each
 56-10 receive the amount specified in Section 6.07 of this article or the
 56-11 minimum ~~[monthly]~~ Group A death benefit as provided under
 56-12 Subsection (c), (d), (e), or (f) of this section, as applicable,
 56-13 whichever is greatest.

56-14 SECTION 1.41. Sections 6.11, 6.12, and 6.13,
 56-15 Article 6243a-1, Revised Statutes, are amended to read as follows:

56-16 Sec. 6.11. MINIMUM BENEFITS TO GROUP B PRIMARY PARTIES AND
 56-17 THEIR QUALIFIED SURVIVORS. (a) Except as provided by Section 6.063
 56-18 of this article or Subsections (b), (c), and (h) of this section and
 56-19 notwithstanding any benefit computation and determination to the
 56-20 contrary contained in this article, the minimum Group B benefits
 56-21 provided by this section shall be paid to any Group B primary party
 56-22 or the primary party's qualified survivors, except further that a
 56-23 Group B primary party who elects to receive an actuarially reduced
 56-24 [Group B] retirement pension, including a request for a benefit
 56-25 under Sections 6.02(c) and (d) of this article, [because of the
 56-26 primary party's request to receive the pension at or after age 45,
 56-27 but before age 50] and the primary party's qualified survivors~~[7]~~
 56-28 or ~~[an]~~ alternate payee ~~[of the primary party]~~, are not entitled to
 56-29 the Group B minimum benefits specified by this section.

56-30 (b) If a Group B primary party leaves active service with 20
 56-31 or more years of pension service, the Group B primary party is
 56-32 entitled to receive a Group B minimum retirement pension equal to
 56-33 the greater of \$2,200 ~~[(i) \$1,500]~~ a month or ~~[(ii)]~~ \$925 a month,
 56-34 which sum may (A) increase at the rate of \$5 a month for each year of
 56-35 pension service beyond 20 years, but the increase may not exceed \$75
 56-36 and (B) be adjusted, if applicable, in the manner described by
 56-37 Section 6.12 ~~[6.12(a)]~~ of this article. ~~[If a Group B primary~~
 56-38 ~~party's Group B retirement pension is or becomes subject to a~~
 56-39 ~~qualified domestic relations order and the sum of the actuarial~~
 56-40 ~~equivalents of the monthly Group B retirement pension payable to~~
 56-41 ~~the Group B primary party and the alternate payee is less than the~~
 56-42 ~~actuarial equivalent of the minimum monthly Group B retirement~~
 56-43 ~~pension as calculated under this subsection, the Group B primary~~
 56-44 ~~party's monthly Group B retirement pension will be increased so~~
 56-45 ~~that the sum of the actuarial equivalents of both the alternate~~
 56-46 ~~payee's and the Group B primary party's Group B retirement pensions~~
 56-47 ~~equals the actuarial equivalent of the minimum monthly Group B~~
 56-48 ~~retirement pension as calculated under this subsection.]~~

56-49 (c) If a Group B primary party leaves active service with
 56-50 less than 20 years of pension service, the primary party is entitled
 56-51 to receive a minimum monthly Group B retirement pension equal to the
 56-52 greater of:

56-53 (1) \$2,200 ~~[(i) \$1,500]~~ a month divided by 20 and
 56-54 multiplied by the Group B primary party's number of years of pension
 56-55 service; or

56-56 (2) ~~[(ii)]~~ \$925 a month divided by 20 and multiplied
 56-57 by the Group B primary party's number of years of pension service,
 56-58 which amount is then adjusted, if applicable, in the manner
 56-59 described by Section 6.12 ~~[6.12(a)]~~ of this article. ~~[If a Group B~~
 56-60 ~~primary party's retirement pension is or becomes subject to a~~
 56-61 ~~qualified domestic relations order and the sum of the actuarial~~
 56-62 ~~equivalents of the monthly Group B retirement pension payable to~~
 56-63 ~~the Group B primary party and the alternate payee is less than the~~
 56-64 ~~actuarial equivalent of the monthly retirement pension as~~
 56-65 ~~calculated under this subsection, the Group B primary party's~~
 56-66 ~~monthly Group B retirement pension will be increased so that the sum~~
 56-67 ~~of the actuarial equivalents of the alternate payee's and the Group~~
 56-68 ~~B primary party's monthly Group B retirement pensions equals the~~
 56-69 ~~actuarial equivalent of the minimum monthly Group B retirement~~

57-1 ~~pension as calculated under this subsection.]~~

57-2 (d) In the absence of children who are qualified survivors,
57-3 a spouse who is a [surviving children, the] qualified survivor
57-4 [surviving spouse] of a Group B primary party will receive a minimum
57-5 Group B death benefit equal to the greater of:

57-6 (1) \$1,200 [(i) \$750] a month; or

57-7 (2) [(ii)] \$600 a month adjusted, if applicable, in
57-8 the manner described by Section 6.12 [6.12(a)] of this article.

57-9 (e) A spouse who is a qualified survivor [surviving spouse]
57-10 of a Group B primary party [will receive], if there are children who
57-11 are qualified survivors [surviving children], will receive [the
57-12 greater of a minimum Group B death benefit of 50 percent of the
57-13 primary party's minimum monthly Group B retirement pension
57-14 described by Subsection (b) or (c) of this section, whichever is
57-15 applicable. The qualified surviving children, as a group, will
57-16 receive the greater of] a minimum [monthly] Group B death benefit of
57-17 \$1,100 a month [50 percent of the minimum monthly Group B retirement
57-18 pension described by Subsection (b) or (c) of this section,
57-19 whichever is applicable, to be divided equally among them].

57-20 (f) The [In the absence of a qualified surviving spouse, the
57-21 qualified surviving] children who are qualified survivors of a
57-22 Group B primary party, as a group, will receive a minimum Group B
57-23 death benefit equal to the greater of \$1,100 [(i) \$750] a month or
57-24 [(ii)] \$600 a month adjusted, if applicable, in the manner
57-25 described by Section 6.12 [6.12(a)] of this article, to be divided
57-26 equally between them.

57-27 (g) If there is neither a [In the absence of either a
57-28 qualified surviving] spouse nor a child who is a [or] qualified
57-29 survivor [surviving children], each [qualified surviving]
57-30 dependent parent who is a qualified survivor of the deceased Group B
57-31 primary party will receive a minimum death benefit of \$1,100 a month
57-32 [Group B minimum death benefit equal to the greater of 50 percent of
57-33 the Group B primary party's minimum monthly Group B retirement
57-34 pension described by Subsection (b) or (c) of this section,
57-35 whichever is applicable. If only one qualified surviving dependent
57-36 parent is surviving, the parent will receive a Group B minimum death
57-37 benefit of 50 percent of the minimum monthly Group B retirement
57-38 pension described by Subsection (b) or (c) of this section,
57-39 whichever is applicable].

57-40 (h) Notwithstanding the minimum monthly [Group B]
57-41 retirement pension otherwise described by this section, a Group B
57-42 primary party who left active service on a non-service-connected
57-43 [nonservice-connected] disability with less than 20 years of
57-44 pension service will receive a minimum monthly [Group B] disability
57-45 pension equal to the greater of \$110 [(i) \$75] multiplied by the
57-46 number of years of the primary party's pension service or [(ii)]
57-47 \$46.25 multiplied by the number of years of the primary party's
57-48 pension service, the product adjusted in the manner, if applicable,
57-49 described by Section 6.12 [6.12(a)] of this article. [If the Group
57-50 B primary party's Group B disability pension is or becomes subject
57-51 to a qualified domestic relations order and the sum of the actuarial
57-52 equivalents of the monthly Group B disability pension payable to
57-53 the Group B primary party and the alternate payee is less than the
57-54 actuarial equivalent of the monthly disability pension as
57-55 calculated under this subsection, the Group B primary party's
57-56 monthly Group B disability pension will be increased so that the sum
57-57 of the actuarial equivalents of the alternate payee's and the Group
57-58 B primary party's monthly Group B disability pensions equals the
57-59 actuarial equivalents of the minimum monthly Group B disability
57-60 pension as calculated under this subsection.] If a Group B primary
57-61 party who was receiving a non-service-connected
57-62 [nonservice-connected Group B] disability pension before the
57-63 completion of 20 years pension service dies, the qualified
57-64 survivors will receive the amount specified in Section 6.08 of this
57-65 article, or the [Group B] minimum monthly death benefits granted to
57-66 qualified survivors as provided by Subsections (d), (e), (f), and
57-67 (g) of this section, as applicable, whichever is greater.

57-68 Sec. 6.12. ADJUSTMENTS TO RETIREMENT AND DISABILITY PENSION
57-69 BENEFITS. (a) This section applies to the following benefits

58-1 provided under this article:

58-2 (1) [~~Annually on the first day of October,~~] a
 58-3 retirement pension calculated under Section 6.01(e) [~~Section 6.01~~
 58-4 or 6.02 of this article;

58-5 (2) [~~7~~] a disability pension calculated under Section
 58-6 6.04 of this article, other than under Section 6.04(a) of this
 58-7 article;

58-8 (3) periodic disability compensation benefit under
 58-9 Section [~~or~~] 6.05 of this article, other than Section 6.05(b-1) of
 58-10 this article; [~~7~~] or

58-11 (4) a death benefit calculated under:

58-12 (A) Section 6.07 of this article, if calculated
 58-13 in the manner of a retirement pension under Section 6.01(e) of this
 58-14 article or in the manner of a disability compensation benefit under
 58-15 Section 6.05(b) of this article; or

58-16 (B) Section 6.08 of this article currently in pay
 58-17 status, or pending board approval on the last day of September [~~7~~
 58-18 will be increased by an amount equal to four percent, not
 58-19 compounded, of the original amount of the retirement or disability
 58-20 pension or death benefit].

58-21 (b) Except as provided by Subsection (d) of this section,
 58-22 annually on the first day of October, the pension system shall
 58-23 increase the base pension of a benefit described by Subsection (a)
 58-24 of this section by a percentage equal to the average annual rate of
 58-25 actual investment return of the pension system for the five-year
 58-26 period ending on the December 31 preceding the effective date of the
 58-27 adjustment less five percent.

58-28 (c) An adjustment under this section may not be less than
 58-29 zero percent or exceed four percent of the applicable base pension
 58-30 benefit.

58-31 (d) The pension system may only make an adjustment to
 58-32 benefits under this section if the ratio of the amount of the
 58-33 pension system's market value of assets divided by the amount of the
 58-34 pension system's actuarial accrued liabilities, after giving
 58-35 effect to the adjustment, is not less than .70.

58-36 (e) For purposes of Subsection (d) of this section, the
 58-37 amount of the pension system's market value of assets and the amount
 58-38 of the pension system's actuarial accrued liabilities shall be
 58-39 based on and determined as of the date of the most recently
 58-40 completed actuarial valuation.

58-41 (f) The following persons may not receive an adjustment
 58-42 under this section:

58-43 (1) a member on active service, including a DROP
 58-44 participant;

58-45 (2) a pensioner until the first October 1 occurring
 58-46 after both the pensioner's retirement and the earlier of:

58-47 (A) the date the pensioner reaches 62 years of
 58-48 age; or

58-49 (B) the third anniversary of the date the
 58-50 pensioner retired; or

58-51 (3) a qualified survivor until the first October 1
 58-52 occurring after the earlier of:

58-53 (A) the date the qualified survivor reaches 62
 58-54 years of age;

58-55 (B) the third anniversary of the date the primary
 58-56 party retired; or

58-57 (C) the third anniversary of the date of the
 58-58 member's or pensioner's death.

58-59 (g) [~~(b)~~] A [~~Group B~~] retirement or [~~Group B~~] disability
 58-60 pension or periodic disability compensation paid to any Group B
 58-61 pensioner may not be less than the Group B pensioner's base pension.

58-62 (h) The death benefit of the qualified survivors who are the
 58-63 [~~a Group B qualified surviving~~] spouse, [~~Group B qualified~~
 58-64 surviving] dependent parent, or child of a Group B pensioner
 58-65 [~~parents, as a group, or Group B qualified surviving children~~], as a
 58-66 group, may not be less than 50 percent of the [~~a Group B~~]
 58-67 pensioner's base pension.

58-68 Sec. 6.13. SUPPLEMENT TO CERTAIN RECIPIENTS 55 YEARS OF AGE
 58-69 OR OLDER. (a) Except as provided by Subsection (b) of this

59-1 section, if [~~If~~] a pensioner had at least 20 years of pension
 59-2 service under any plan adopted pursuant to Article 6243a or this
 59-3 article, or if a pensioner is receiving the periodic [~~a~~
 59-4 ~~service-connected~~] disability compensation benefit under Section
 59-5 6.05 of this article [~~pension~~], the pensioner, the pensioner's
 59-6 [~~qualified surviving~~] spouse who is a qualified survivor eligible
 59-7 to receive benefits under this article, or the pensioner's
 59-8 [~~qualified surviving~~] children who are qualified survivors, as a
 59-9 group, under Section 6.06 [~~6.06(e)~~] of this article are entitled to
 59-10 receive, when the pensioner or spouse who is a qualified survivor
 59-11 [~~surviving spouse~~] attains 55 years of age, provided the pensioner
 59-12 or spouse attains 55 years of age before September 1, 2017, [~~the~~
 59-13 ~~greater of~~] a monthly supplement equal to the greater of \$50 or
 59-14 three percent of their total monthly benefit[~~7~~] and for months
 59-15 [~~years~~] beginning on and after January 1, 1991, a [~~the~~] monthly
 59-16 supplement [~~will be~~] equal to the greater of \$75 or three percent of
 59-17 their total monthly benefit. For purposes only of calculating this
 59-18 supplement, the phrase "their total monthly benefit" means the
 59-19 amount payable to a pensioner or qualified survivors under the
 59-20 terms of the plans described by this section under which the
 59-21 pensioner or qualified survivor elected to receive benefits but
 59-22 does not include the supplement authorized by this section or any
 59-23 adjustments under Section 6.12 of this article made after September
 59-24 1, 2017.

59-25 (b) A person described by Subsection (a) of this section
 59-26 who, on September 1, 2017, is not receiving or has not received a
 59-27 supplemental benefit under this section is not entitled to receive
 59-28 a supplemental benefit under this section.

59-29 SECTION 1.42. Section 6.14, Article 6243a-1, Revised
 59-30 Statutes, is amended by amending Subsections (a), (b), (c), (d),
 59-31 (e), (f), (g), (h), and (j) and adding Subsections (e-1), (e-2),
 59-32 (e-3), (e-4), (f-1), (g-1), (l), (m), (n), and (o) to read as
 59-33 follows:

59-34 (a) A [~~In lieu of either leaving active service and~~
 59-35 ~~commencing a retirement pension as provided for under Section 6.01~~
 59-36 ~~or 6.02 of this article, whichever is applicable, or remaining in~~
 59-37 ~~active service and continuing to accrue additional pension benefits~~
 59-38 ~~as provided under Section 6.01 or 6.02, a] member who remains on~~
 59-39 ~~active service after becoming [is] eligible to receive a [an~~
 59-40 ~~unreduced] retirement pension under either Section 6.01 or 6.02 of~~
 59-41 ~~this article may [remain in active service,] become a participant~~
 59-42 ~~in the deferred retirement option plan [Deferred Retirement Option~~
 59-43 ~~Plan ("DROP")] in accordance with Subsections (b) and (c) of this~~
 59-44 ~~section, and defer the beginning of the person's retirement~~
 59-45 ~~pension. Once an election to participate in the DROP has been made,~~
 59-46 ~~the election continues in effect at least as long as the member~~
 59-47 ~~remains in active service. On leaving active service, the member~~
 59-48 ~~may:~~

59-49 (1) apply for a retirement pension under Sections
 59-50 6.01(b) and (c), Section 6.01(e), or Section 6.02(b), (c), (d), or
 59-51 (e) [~~Section 6.02~~] of this article, whichever is applicable,
 59-52 together with any DROP benefit provided under this section; or

59-53 (2) continue to participate in DROP except the member
 59-54 is ineligible for disability benefits described by Subsection (g-1)
 59-55 of this section.

59-56 (b) The election to participate in the DROP shall be made in
 59-57 accordance with procedures set forth in any uniform and
 59-58 nondiscriminatory election form adopted by the board and in effect
 59-59 from time to time. To determine the proper amount to be credited to
 59-60 a member's DROP account, the election shall indicate whether the
 59-61 member desires to receive a retirement pension under Sections
 59-62 6.01(b) and (c), Section 6.01(e), or Section 6.02(b), (c), (d), or
 59-63 (e) [~~6.02~~] of this article, whichever is applicable. The election
 59-64 may be made at any time on or after the date the member becomes
 59-65 eligible for a [~~an unreduced~~] retirement pension as provided by
 59-66 this subsection. The election [~~under Sections 6.01(b) and (c),~~
 59-67 ~~Section 6.01(e), or Section 6.02 of this article, whichever is~~
 59-68 ~~applicable, and] becomes effective on the first day of the first~~
 59-69 ~~month on or after the date on which the member makes the election,~~

60-1 except that an election that would otherwise have been effective on
 60-2 October 1, 1993, and every October 1 after that date, is considered,
 60-3 for purposes of this section and Section 6.12 of this article, to be
 60-4 effective on September 30 of the year in which it would otherwise
 60-5 have been effective. On and after the effective date of the
 60-6 election, the member will no longer be eligible for any refund of
 60-7 [make member] contributions [to the fund, notwithstanding Section
 60-8 4.03(b) or (f) of this article, whichever is applicable]. The
 60-9 election by one or more members to participate in the DROP has no
 60-10 effect on the amount of city contributions to the fund under Section
 60-11 4.02 of this article.

60-12 (c) Each month after a member has made an election to
 60-13 participate in the DROP and indicated a desire to receive a
 60-14 retirement pension under Sections 6.01(b) and (c), Section 6.01(e),
 60-15 or Section 6.02(b), (c), (d), or (e) [Section 6.02] of this article,
 60-16 whichever is applicable, and through the month before the month in
 60-17 which [until] the member leaves active service, an amount equal to
 60-18 the retirement pension the member would have received under the
 60-19 [Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02,
 60-20 whichever is] applicable subsection[7] for that month if the member
 60-21 had left active service and been granted a retirement pension by the
 60-22 board on the effective date of DROP participation shall be credited
 60-23 [transferred] to a separate DROP account maintained within the fund
 60-24 for the benefit of the member. Amounts held in the DROP account of a
 60-25 member [member's DROP account] shall be credited at the end of each
 60-26 calendar month [with interest at a rate that will approximately
 60-27 equal one-twelfth of the annual rate assumed by the pension
 60-28 system's qualified actuary and approved by the board as the assumed
 60-29 actuarial rate of return for the fund]. Notwithstanding this
 60-30 section, effective January 1, 2018, a member on active service who
 60-31 has 10 years or more of participation in DROP shall no longer have
 60-32 the amount of the member's retirement pension credited to the
 60-33 member's DROP account while the member is on active service.

60-34 (d) A [On leaving active service and on the board's grant of
 60-35 a retirement pension, a] member may not [who participates in DROP
 60-36 shall begin to] receive a [the balance in the person's DROP account
 60-37 under one of the following methods of] distribution from the
 60-38 member's DROP account while the member is on active service
 60-39 [elected by the member:

60-40 [(1) a single-sum distribution made at a time selected
 60-41 by the member but not later than April 1 of the year after the member
 60-42 attains 70-1/2 years of age;

60-43 [(2) an annuity to be paid in equal monthly payments
 60-44 for the life of the member, or for the life of the member and a
 60-45 designated beneficiary in the same manner as a retirement pension
 60-46 computed under Sections 6.01(b) and (c), Section 6.01(e), or
 60-47 Section 6.02 of this article, whichever is applicable, determined
 60-48 as of the date the member leaves active service based on the
 60-49 person's account balance and age and the age of the designated
 60-50 beneficiary, if applicable, on that date and using the mortality
 60-51 and earnings assumptions being used on that date by the pension
 60-52 system's qualified actuary and approved by the board as the assumed
 60-53 actuarial rate of return for the fund; or

60-54 [(3) substantially equal monthly or annual payments of
 60-55 the person's account balance beginning at a time selected by the
 60-56 member that is on or before April 1st of the year after the member
 60-57 attains 70-1/2 years of age and extending over a fixed period that
 60-58 does not exceed the life expectancy of the member, or the life
 60-59 expectancy of the member and the member's designated beneficiary,
 60-60 if applicable].

60-61 (e) Except as provided by Subsections (e-1) and (1) of this
 60-62 section, the balance in the [The] DROP account [balance] of a member
 60-63 who terminated from active service on or before September 1, 2017,
 60-64 or who terminates from active service shall be distributed to the
 60-65 member in the form of an annuity, payable either monthly or annually
 60-66 at the election of the member, by annuitizing the amount credited to
 60-67 the DROP account over the life expectancy of the member as of the
 60-68 date of the annuitization using mortality tables recommended by the
 60-69 pension system's qualified actuary. The annuity shall be

61-1 distributed beginning as promptly as administratively feasible
 61-2 after the later of, as applicable:

61-3 (1) the date the member retires and is granted a
 61-4 retirement pension; or

61-5 (2) September 1, 2017 [elects the method of
 61-6 distribution described by Subsection (d)(3) of this section shall
 61-7 be credited with interest on the unpaid balance at the end of each
 61-8 calendar month in the same manner as is prescribed by Subsection (c)
 61-9 of this section].

61-10 (e-1) The board may adopt a shorter period for annuitizing
 61-11 DROP account balances under Subsection (e) of this section if the
 61-12 pension system's qualified actuary determines that the shorter
 61-13 period will not cause the pension system's amortization period to
 61-14 exceed 25 years [A member may change a distribution election at any
 61-15 time before the member attains 70-1/2 years of age to receive one or
 61-16 more additional payments or to accelerate or delay any payment not
 61-17 then due, if the change is communicated to the plan administrator,
 61-18 in accordance with procedures then in effect, not less than 30 days
 61-19 before the day it is to take effect and if the change does not result
 61-20 in a failure of the distributions to satisfy the requirements of
 61-21 Section 401(a)(9) of the code].

61-22 (e-2) The annuitization of a DROP account under Subsection
 61-23 (e) of this section must reflect the accrual of interest on the
 61-24 amount in the DROP account as of September 1, 2017, over the
 61-25 annuitization period applied to the account under this section.
 61-26 The interest rate applied under this subsection must be a rate as
 61-27 reasonably equivalent as practicable to the interest rate on a note
 61-28 issued by the United States Department of the Treasury or other
 61-29 federal treasury note with a duration that is reasonably comparable
 61-30 to the annuitization period applied to the account, as determined
 61-31 by the board. The portion of an annuity attributable to amounts
 61-32 credited to a member's DROP account on or after September 1, 2017,
 61-33 may not reflect the accrual of this interest on annuitization.

61-34 (e-3) The board may by rule allow a DROP participant who has
 61-35 terminated active service and who is eligible for a retirement
 61-36 pension to:

61-37 (1) assign the distribution from the participant's
 61-38 annuitized DROP account to a third party provided the pension
 61-39 system receives a favorable private letter ruling from the Internal
 61-40 Revenue Service ruling that such an assignment will not negatively
 61-41 impact the pension system's qualified plan status; and

61-42 (2) subject to Subsection (e-4) of this section, in
 61-43 the event of a financial hardship that was not reasonably
 61-44 foreseeable obtain a lump-sum distribution from the participant's
 61-45 DROP account resulting in a corresponding reduction in the total
 61-46 number or in the amount of annuity payments.

61-47 (e-4) The board shall adopt rules necessary to implement
 61-48 Subsection (e-3)(2) of this section, including rules regarding what
 61-49 constitutes a financial hardship for purposes of that subdivision.
 61-50 In adopting the rules, the board shall provide flexibility to
 61-51 members.

61-52 (f) The board may adopt rules and policies relating to the
 61-53 administration of Subsections (e), (e-1), and (e-2) of this section
 61-54 if the rules and policies are:

61-55 (1) consistent with the qualification of the plan
 61-56 under Section 401 of the code; and

61-57 (2) in the best interest of the pension system [Any
 61-58 election made in accordance with Subsection (d) of this section may
 61-59 be changed at any time before leaving active service to any other
 61-60 election permitted by that subsection, subject to the requirements
 61-61 for spousal consent, in Section 6.14(d)(1), if applicable].

61-62 (f-1) The DROP account of a member who begins participating
 61-63 in DROP on or after September 1, 2017, does not accrue interest.

61-64 (g) The provisions of Sections 6.06, 6.061, 6.062, 6.063,
 61-65 6.07, and 6.08 of this article pertaining to death benefits of a
 61-66 qualified survivor do not apply to amounts held in a member's or
 61-67 pensioner's DROP account [, and the class of persons eligible to
 61-68 become qualified survivors of a member closes on the effective date
 61-69 of the member's participation in DROP]. Instead, a member or

62-1 pensioner who participates in DROP may designate a beneficiary to
 62-2 receive the annuity payments under this section over the remaining
 62-3 annuitization period [balance of the member's DROP account] in the
 62-4 event of the member's or pensioner's death subject to any rights
 62-5 provided under Subsection (e-3) of this section and in the
 62-6 [following] manner allowed by Section 401(a)(9) of the code and any
 62-7 policy adopted by the board. A member or pensioner who is or
 62-8 becomes married is considered to have designated the member's or
 62-9 pensioner's spouse as the member's or pensioner's beneficiary,
 62-10 notwithstanding any prior beneficiary designation, unless the
 62-11 member or pensioner has made a different designation in accordance
 62-12 with a policy adopted by the board. If a member or pensioner does
 62-13 not have a spouse or the spouse predeceases the member or pensioner,
 62-14 the member's or pensioner's, as applicable, DROP account will be
 62-15 distributed to the member's or pensioner's, as applicable,
 62-16 designee. Notwithstanding anything in this section to the
 62-17 contrary, if a member or pensioner has previously designated the
 62-18 member's or pensioner's spouse as the beneficiary or co-beneficiary
 62-19 of the DROP account and the member or pensioner and spouse are
 62-20 subsequently divorced, the divorce automatically results in the
 62-21 invalidation of the designation of the spouse as a beneficiary and,
 62-22 if there is no additional beneficiary designated, the member's or
 62-23 pensioner's DROP account shall be distributed as provided by
 62-24 Subsection (e) of this section. If there are beneficiaries who
 62-25 survive the deceased member or pensioner, the surviving
 62-26 beneficiaries share equally in that portion that would have
 62-27 otherwise been payable to the former spouse. [+

62-28 ~~[(1) The beneficiary designation must be made on an~~
 62-29 ~~election form adopted by the board and in effect from time to time~~
 62-30 ~~and in accordance with the conditions on the form, except that if~~
 62-31 ~~the member is married, the designation of a beneficiary other than~~
 62-32 ~~the member's spouse is valid only if the spouse consents to the~~
 62-33 ~~designation at the time, in the manner, and on the consent form as~~
 62-34 ~~is adopted by the board and in effect from time to time.~~

62-35 ~~[(2) If a member who participates in DROP dies while in~~
 62-36 ~~active service or before the beginning of the member's DROP~~
 62-37 ~~account, distributions will begin no more than one year after the~~
 62-38 ~~date of the member's death under a method described by Subsection~~
 62-39 ~~(d) of this section and shall be completed within the life, or life~~
 62-40 ~~expectancy, of the designated beneficiary.~~

62-41 ~~[(3) If a member who participates in DROP dies after~~
 62-42 ~~having begun to receive distributions in accordance with Subsection~~
 62-43 ~~(d) of this section, the balance in the member's DROP account shall~~
 62-44 ~~continue to be distributed to the member's designated beneficiary~~
 62-45 ~~or other person described by Subdivision (4) of this subsection in~~
 62-46 ~~accordance with any elections that had been made under Subsection~~
 62-47 ~~(d) of this section.~~

62-48 ~~[(4) If the deceased member has not designated a~~
 62-49 ~~beneficiary or has designated a beneficiary but not a method of~~
 62-50 ~~distribution, the member's DROP account shall be distributed in a~~
 62-51 ~~single-sum payment as soon as administratively feasible after the~~
 62-52 ~~member's death to the beneficiary if one was designated and~~
 62-53 ~~otherwise to the spouse if the member was married at the time of~~
 62-54 ~~death or, if the member was not married, to the member's estate.]~~

62-55 (g-1) [(5)] A member who [participates in DROP] becomes a
 62-56 DROP participant is ineligible for any disability benefits
 62-57 described by Section [Sections] 6.03, 6.04, or [and] 6.05 of this
 62-58 article, but is entitled to [instead, on the board's acknowledgment
 62-59 of a disability that would otherwise qualify the member for
 62-60 disability benefits, the board shall grant] a retirement pension in
 62-61 accordance with Sections 6.01(b) and (c), Section 6.01(e), or
 62-62 Section 6.02 of this article, whichever is applicable, on
 62-63 termination from active service, and [the member] is also entitled
 62-64 to receive annuity payments [both a retirement pension and a
 62-65 distribution of the DROP account] in accordance with Subsection (e)
 62-66 [(d)] of this section.

62-67 (h) The base pay or computation pay, whichever is
 62-68 applicable, in effect as of the effective date of a [Group A]
 62-69 member's participation in DROP shall be used in calculating the

63-1 member's [~~Group A~~] retirement pension under Section 6.01 or 6.02 of
 63-2 this article. A [~~Group A~~] member who elects to participate in DROP
 63-3 does not accrue additional pension service for purposes of
 63-4 computing a [~~the Group A~~] retirement pension [~~provided under~~
 63-5 ~~Section 6.01(e) of this article~~] for any period after the effective
 63-6 date of the election.

63-7 (j) Except as provided by Subsection (l) of this section, if
 63-8 [~~If~~] a pensioner who has been a [~~participated in~~] DROP participant
 63-9 returns to active service, the person must [~~once again~~] become a
 63-10 participant in DROP under the terms and conditions in effect at the
 63-11 time of [~~the person's~~] return to active service.

63-12 (l) Notwithstanding any other provision of this section and
 63-13 except as provided by Subsection (o) of this section, a member who
 63-14 has entered DROP before June 1, 2017, may revoke the DROP election
 63-15 at any time on or after September 1, 2017, and before the earlier
 63-16 of:

- 63-17 (1) February 28, 2018; or
- 63-18 (2) the member's termination of active service.

63-19 (m) If a member revokes participation in DROP under
 63-20 Subsection (l) of this section:

- 63-21 (1) the member's DROP account balance is eliminated;
- 63-22 and
- 63-23 (2) the member shall receive pension service credited
 63-24 for all or a portion of the period of the revoked DROP participation
 63-25 on payment of the required contributions for the period of the
 63-26 revoked DROP participation in accordance with a uniform and
 63-27 nondiscriminatory procedure adopted by the board that results in
 63-28 the payment of the amount of member contributions that would have
 63-29 been made if the member had never participated in DROP.

63-30 (n) A member who revokes the member's DROP election under
 63-31 Subsection (l) of this section is entitled to only a monthly pension
 63-32 computed on the basis of the member's pension service, including
 63-33 pension service purchased under Subsection (m) of this section:

- 63-34 (1) that is based on the member's average computation
 63-35 pay at the time of leaving active service, if the member is a Group B
 63-36 member; or
- 63-37 (2) as provided by Section 6.01(b) of this article, if
 63-38 the member is a Group A member.

63-39 (o) A member may not revoke DROP participation under
 63-40 Subsection (l) of this section if any money has been transferred out
 63-41 of the member's DROP account.

63-42 SECTION 1.43. Part 6, Article 6243a-1, Revised Statutes, is
 63-43 amended by adding Section 6.141 to read as follows:

63-44 Sec. 6.141. DEFERRED ANNUITIZATION OF CERTAIN DROP
 63-45 ACCOUNTS. (a) This section applies only to a pensioner who:

- 63-46 (1) before attaining 50 years of age:
 - 63-47 (A) left active service; and
 - 63-48 (B) was granted a service retirement pension
 63-49 under Section 6.01 or 6.02 of this article;
- 63-50 (2) since the pensioner's retirement has continued to
 63-51 receive substantially equal periodic payments, as determined under
 63-52 Section 72(t) of the code; and
- 63-53 (3) on September 1, 2017:
 - 63-54 (A) is a DROP participant; and
 - 63-55 (B) has not attained 59-1/2 years of age.

63-56 (b) Notwithstanding Section 6.14 of this article and solely
 63-57 to avoid the possibility of an early distribution tax penalty under
 63-58 Section 72(t)(4) of the code:

- 63-59 (1) a pensioner subject to this section may until the
 63-60 pensioner attains 59-1/2 years of age:
 - 63-61 (A) subject to Subsection (c) of this section,
 63-62 continue to participate in DROP;
 - 63-63 (B) have the same amount of the pensioner's
 63-64 service retirement pension credited to the pensioner's DROP account
 63-65 as has been credited since the pensioner's service retirement
 63-66 pension was initially granted; and
 - 63-67 (C) defer annuitization of the pensioner's DROP
 63-68 account under Section 6.14(e) of this article; and
- 63-69 (2) once a pensioner subject to this section attains

64-1 59-1/2 years of age:

64-2 (A) the pensioner may not have any portion of the
64-3 pensioner's service retirement pension credited to the pensioner's
64-4 DROP account; and

64-5 (B) as soon as administratively feasible, the
64-6 balance in the pensioner's DROP account shall be annuitized and
64-7 distributed to the pensioner in accordance with Section 6.14(e) of
64-8 this article.

64-9 (c) The DROP account of a pensioner who continues
64-10 participation in DROP under Subsection (b)(1)(A) of this section
64-11 does not accrue interest on and after September 1, 2017.

64-12 SECTION 1.44. Sections 6.15(a), (b), and (e), Article
64-13 6243a-1, Revised Statutes, are amended to read as follows:

64-14 (a) The board may require the following pensioners
64-15 receiving a disability pension or a periodic disability
64-16 compensation benefit to appear and undergo a medical examination by
64-17 the health director or, if the health director approves, by any
64-18 licensed medical practitioner, to determine if the pensioner's
64-19 disability continues or has been removed to the extent that the
64-20 pensioner is able to resume duties with the department:

64-21 (1) any Group A pensioner who has served less than 20
64-22 years;

64-23 (2) any Group A pensioner who elected a Group A ~~[B]~~
64-24 disability pension under Section 6.04 ~~[6.04(e)]~~ of this article,
64-25 periodic disability compensation under Section 6.05 of this
64-26 article, or a non-service-connected disability pension under Plan A
64-27 or former Section 17(b)(2) of this article, and who had ~~[has served]~~
64-28 more than 20 years of pension service, but is less than 55 years of
64-29 age; and

64-30 (3) any Group B pensioner who was granted ~~[elected]~~ a
64-31 Group B disability pension under Section 6.04 of this article or
64-32 periodic disability compensation under Section 6.05 of this article
64-33 or a disability pension under the terms of Plan B and is less than 50
64-34 years of age.

64-35 (b) Any medical examination under this section is subject to
64-36 the following conditions:

64-37 (1) Except as otherwise provided by this section, the
64-38 board has complete discretion to require a pensioner to appear and
64-39 undergo a medical examination as well as the time that may pass
64-40 between examinations. When it becomes clear to the board from
64-41 reliable medical evidence that the disability is unequivocally
64-42 permanent and is not expected to diminish, the board may waive ~~[not~~
64-43 ~~require]~~ subsequent examinations.

64-44 (2) A pensioner may not be required to undergo a
64-45 medical examination more often than once in a six-month period,
64-46 except that the board may order the pensioner to undergo an
64-47 examination at any time if the board has reason to believe the
64-48 pensioner's disability has been removed and that the pensioner may
64-49 be able to resume duties with the pensioner's former department or
64-50 if the pensioner requests to be allowed to return to duty.

64-51 (3) If a pensioner fails to undergo an examination
64-52 after being notified by the board that the examination is required,
64-53 the board may discontinue disability benefits until the pensioner
64-54 has undergone the examination and the results of the examination
64-55 have been sent to the board.

64-56 (4) If the pensioner is examined by an approved
64-57 outside medical practitioner other than the health director, the
64-58 reasonable and customary cost of the examination, if any, is
64-59 payable from the assets of the fund.

64-60 (e) Pursuant to its authority under Section 6.06(o-2)
64-61 ~~[6.06(o)]~~ of this article to review and modify any funding relating
64-62 to the disability of a child who is a qualified survivor ~~[surviving~~
64-63 ~~child's handicap]~~, the board may require the ~~[a handicapped]~~
64-64 qualified survivor with a disability ~~[surviving child]~~ receiving
64-65 death benefits to appear and undergo medical examination by the
64-66 health director or, if the health director approves, by any
64-67 licensed medical practitioner, to determine if the disability
64-68 ~~[handicap]~~ continues or if the disability ~~[handicap]~~ has been
64-69 removed.

65-1 SECTION 1.45. Sections 6.16, 6.18, and 6.19, Article
65-2 6243a-1, Revised Statutes, are amended to read as follows:

65-3 Sec. 6.16. WAIVER OF BENEFITS. (a) A primary party
65-4 ~~[pensioner who is on either service or disability retirement], [a~~
65-5 qualified survivor [surviving spouse, a handicapped qualified
65-6 surviving child, a member who may be a participant in DROP], or [a
65-7 beneficiary of a member's [deceased former] DROP account
65-8 [participant, or a qualified surviving dependent parent] may, on a
65-9 form prescribed by the board and filed with the executive director
65-10 [administrator], [irrevocably] waive all or a portion of the
65-11 benefits[~~7~~] to which the person [who waives the benefit] is or may
65-12 be entitled. The waiver may state whether it is revocable or
65-13 irrevocable, and is irrevocable unless the waiver clearly states it
65-14 is revocable.

65-15 (b) The ~~[irrevocable]~~ waiver described by Subsection (a) of
65-16 this section applies only to ~~[retirement, disability, or DROP~~
65-17 ~~survivor]~~ benefits that become payable on or after the date the
65-18 waiver is filed.

65-19 (b-1) Benefits waived by a revocable waiver are forfeited
65-20 and the person making the waiver has no right, title, claim, or
65-21 interest in the benefits.

65-22 (c) If two or more persons are or may be entitled to benefits
65-23 under this article [there are two qualified surviving dependent
65-24 parents receiving death benefits], the waiver described by
65-25 Subsection (a) of this section must be executed by each person to
65-26 become effective. The living parent or parents or legal guardian or
65-27 guardians of a child must sign the waiver described by Subsection
65-28 (a) of this section on behalf of the child [both of the parents].

65-29 Sec. 6.18. INVESTIGATION. (a) The board shall consider all
65-30 applications for retirement and disability pensions ~~[of members],~~
65-31 all applications for death benefits ~~[by qualified survivors],~~ and
65-32 all elections to participate [for participation by a member] in
65-33 DROP. The board shall give notice to ~~[those]~~ persons applying for
65-34 benefits, advising them of their right to appear before the board
65-35 and offer such sworn evidence as they may desire. Any [primary
65-36 party, survivor, or other] person claiming retirement, disability,
65-37 or DROP benefits may appear before the board [in person] and offer
65-38 testimony that is relevant to a contested application for a
65-39 retirement pension, a disability pension, death benefits
65-40 [benefit], or DROP benefits [benefit]. The chairman of the board
65-41 may issue process for witnesses, administer oaths to witnesses, and
65-42 examine any witness as to any matter affecting benefits under any
65-43 plan within the pension system. Process for witnesses shall be
65-44 served by any [member of the police or fire department or by any
65-45 other] method of serving process [or person] permitted by the state
65-46 law in any civil judicial proceeding. A witness who fails or
65-47 refuses to attend and testify may be compelled to attend and
65-48 testify, as in any judicial proceeding. The board may seek
65-49 assistance from any court of competent jurisdiction to further
65-50 compel or sanction a witness who fails or refuses to attend and
65-51 testify.

65-52 (b) Any ~~[primary party, spouse, child, dependent parent, or~~
65-53 ~~other] person [claiming DROP benefits] who is aggrieved by a~~
65-54 ~~determination of the board regarding [on the person's application~~
65-55 ~~for or continuation of] a retirement pension, a disability pension,~~
65-56 ~~[or] death benefits [benefit], or [an election for] DROP benefits~~
65-57 ~~may appeal the board determination to a state district court in the~~
65-58 ~~city [county] where the pension system is located by giving written~~
65-59 ~~notice of appeal. The notice shall contain a statement of the~~
65-60 ~~grounds and reasons why the party feels aggrieved. The notice shall~~
65-61 ~~be served personally on the executive director [secretary of the~~
65-62 ~~board] within 20 days after the date of the board's determination.~~
65-63 ~~After service of the notice, the party appealing shall file with the~~
65-64 ~~state district court a copy of the notice of intention to appeal,~~
65-65 ~~together with an affidavit of the party making service showing how,~~
65-66 ~~when, and on whom the notice was served.~~

65-67 (c) Within 30 days after the date of service of the notice of
65-68 appeal on the board, the executive director [secretary of the
65-69 board] shall make up and file with the state district court a

66-1 transcript of all nonprivileged papers and proceedings in the case
66-2 before the board. When the copy of the notice of appeal and the
66-3 transcript has been filed with the court, the appeal is perfected,
66-4 and the court shall docket the appeal, assign the appeal a number,
66-5 fix a date for hearing the appeal, and notify both the appellant and
66-6 the board of the date fixed for the hearing.

66-7 (d) At any time before the rendering of its decision on
66-8 ~~[the]~~ appeal, the court may require further or additional proof or
66-9 information, either documentary or under oath. On rendition of a
66-10 decision on appeal, the court shall give to each party to the appeal
66-11 a copy of the decision of the case. The decision ~~[or order]~~ of the
66-12 court is appealable in the same manner as are civil cases generally.

66-13 (e) As provided by Section 4.01 of this article, the [The]
66-14 board shall approve all money used for investigations [as provided
66-15 under Section 4.01 of this article]. The board may request the
66-16 investigative services of either the police or fire departments in
66-17 connection with any matter arising under this section.

66-18 Sec. 6.19. CERTIFICATE OF MEMBER PENSION BENEFIT
66-19 ELIGIBILITY [RETIREMENT]. When a member has earned five [20] years
66-20 of pension service, the member shall be issued an [a certificate of
66-21 retirement that, barring administrative error, miscalculation, or
66-22 other error, after issuance is] incontestable five-year
66-23 certificate indicating that the member is entitled to pension
66-24 benefits subject to the effect of any withdrawals as permitted
66-25 under Article 6243a or this article. The certificate shall state
66-26 that the calculation of the retirement pension to which the member
66-27 is entitled, or any disability benefits to which the member may
66-28 become entitled, shall be determined solely under the actual terms
66-29 of the combined pension plan as in effect at the time the member
66-30 leaves active service. The certificate shall further state that in
66-31 the case of the member's death, the member's qualified survivors, if
66-32 any, may become [shall be] entitled to death [survivor] benefits as
66-33 determined solely under the actual terms of the combined pension
66-34 plan as in effect at the time of the member's death. The
66-35 certificate shall bear a seal and be signed by the executive
66-36 director [mayor, or the mayor pro tem, or the city manager] and [by
66-37 the] chairman of the board [and attested under the seal of the city
66-38 by the city secretary].

66-39 SECTION 1.46. Part 6, Article 6243a-1, Revised Statutes, is
66-40 amended by adding Section 6.20 to read as follows:

66-41 Sec. 6.20. ERRONEOUS PAYMENTS OR OVERPAYMENTS. (a) If the
66-42 pension system pays money to any person not entitled to the payment,
66-43 whether by reason of an error of the pension system as to
66-44 entitlement to or the amount of a benefit or otherwise, or an act or
66-45 error of some other person, including the recipient of the payment,
66-46 the recipient of the payment holds the funds to which the recipient
66-47 was not entitled in constructive trust for the pension system and
66-48 those funds are subject to demand by the pension system at any time.

66-49 (b) The recipient of an erroneous payment from the pension
66-50 system shall repay to the pension system all funds associated with
66-51 the erroneous payment.

66-52 (c) Subject to Subsection (e) of this section, the board may
66-53 by rule adopt a procedure to enable the pension system to offset the
66-54 future benefit or other payments of a recipient described by this
66-55 section. In addition, the board may take any additional action,
66-56 including the bringing of a lawsuit, the board considers necessary
66-57 to recover an erroneous payment the pension system is entitled to
66-58 under this section.

66-59 (d) If the pension system determines that a person is
66-60 entitled to additional benefits as a result of an error made by the
66-61 pension system, the pension system shall promptly pay the
66-62 additional benefits owed.

66-63 (e) The board's correction procedures must comply with the
66-64 Internal Revenue Service's Employee Plans Compliance Resolution
66-65 System and Revenue Procedure 2016-51, including subsequent
66-66 guidance.

66-67 SECTION 1.47. Article 6243a-1, Revised Statutes, is amended
66-68 by adding Part 6A to read as follows:

66-69 PART 6A. EQUITABLE ADJUSTMENTS

Sec. 6A.01. EQUITABLE ADJUSTMENTS TO BENEFITS. (a)

Subject to this section and notwithstanding any other provision of this article, the board by a two-thirds vote of all trustees may consider and adopt rules requiring the equitable return of funds paid to or credited to the benefit of a member or pensioner under this article before September 1, 2017, to the extent the funds exceeded reasonable amounts that should be paid or credited given the circumstances of the pension system at the time the payment or credit was made, including the return of excessive interest credited to a member's DROP account and excessive adjustments made under Section 6.12 of this article.

(b) For purposes of Subsection (a) of this section, "reasonable amounts" includes the amounts that would have been paid or credited:

(1) if the interest rate applied in determining a benefit, including the interest rate applied to a DROP account, equaled the actual, audited rate of return of the plan at the time the interest was credited to the account; or

(2) if the percentage increase applied under Section 6.12 of this article equaled the percentage increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) most recently published by the Bureau of Labor Statistics of the United States Department of Labor and used by the United States Social Security Administration to provide a cost-of-living adjustment for social security benefit payments payable beginning in January of the next year.

Sec. 6A.02. ADJUDICATION OF CERTAIN CHALLENGES. (a) The Texas Supreme Court has exclusive and original jurisdiction over a challenge to the constitutionality under the Texas Constitution of Section 6A.01 of this article. An action under this section is authorized to the full extent permitted by Section 3, Article V, Texas Constitution. The Texas Supreme Court may issue any injunctive, declaratory, or equitable relief the court deems appropriate or necessary to effectuate the court's mandamus jurisdiction in connection with a challenge under this section.

(b) Any action brought under this section must be filed not later than the 90th day after the date the board adopts a rule under Section 6A.01 of this article.

(c) If an action brought under this section is timely filed, the board may not enforce or otherwise administer any rules adopted pursuant to Section 6A.01 of this article during the pendency of the action.

SECTION 1.48. Section 8.01, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 8.01. QUALIFICATION UNDER FEDERAL TAX LAW. (a) The plans within the pension system and the assets of the fund are intended to qualify as a governmental plan under Sections [Section] 401 and 414(d) of the code, be exempt from federal income taxes under Section 501(a) of the code, and conform at all times to applicable requirements of law, regulations, and orders of duly constituted federal governmental authorities. Accordingly, if any provision of this article is subject to more than one construction, one of which will permit the qualification of a plan that is within the pension system, that construction that will permit the plan to qualify and conform will prevail.

(b) The plans within the pension system as well as the assets of the fund shall be maintained for the exclusive benefit of members and their beneficiaries. At no time before the termination of all the plans within the pension system and the satisfaction of all liabilities with respect to members and their beneficiaries under all plans shall any part of the principal or interest from the assets of the fund be used for or diverted to purposes other than the exclusive benefit of the members and beneficiaries.

(c) Notwithstanding any other provisions of this article, the annual benefit [pension] provided with respect to any member [may not exceed an annual benefit computed in accordance with the limitations prescribed by this subsection.

[(1) The maximum annual benefit payable] in any limitation year [to a member] may not exceed the amount permitted by

68-1 Section 415(b) of the code for the limitation year, and the sum of
 68-2 the member contributions and all other annual additions for any
 68-3 limitation year may not exceed the amount permitted under Section
 68-4 415(c) of the code for the limitation year. If the aggregated
 68-5 annual benefit or aggregated annual additions under ~~[lesser of:~~

68-6 ~~[(A) \$90,000, or~~

68-7 ~~[(B) 100 percent of a member's 415 compensation~~
 68-8 ~~averaged over the three consecutive limitation years, or the actual~~
 68-9 ~~number of limitation years for a member whose total pension service~~
 68-10 ~~is less than three consecutive limitation years, during which the~~
 68-11 ~~member had the greatest aggregate 415 compensation from the city.~~

68-12 ~~[(2) Benefits provided to a member under this article~~
 68-13 ~~and under any defined benefit plan or plans maintained by the city~~
 68-14 ~~shall be aggregated for purposes of determining whether the~~
 68-15 ~~limitations in Subdivision (1) of this subsection are met. If the~~
 68-16 ~~aggregate benefits otherwise payable from] any qualified plans~~
 68-17 ~~created under this article and any other defined benefit plan or~~
 68-18 ~~plans maintained by the city would otherwise exceed the limitations~~
 68-19 ~~of Section 415 of the code [Subdivision (1) of this subsection], the~~
 68-20 ~~required reductions in benefits or contributions shall first be~~
 68-21 ~~made to the extent possible from the other plan or plans. The~~
 68-22 ~~limitations referenced in this subsection shall be adjusted~~
 68-23 ~~annually in accordance with Section 415(d) of the code and any~~
 68-24 ~~adjustment to benefits applies to the benefits of active and~~
 68-25 ~~terminated members and applies without regard to whether a~~
 68-26 ~~terminated member is a pensioner.~~

68-27 ~~[(3) The adjustments on retirement are the following:~~

68-28 ~~[(A) If the annual benefit begins before a member~~
 68-29 ~~attains age 62, the \$90,000 limitation, as adjusted, shall be~~
 68-30 ~~reduced in a manner prescribed by the secretary of the treasury.~~
 68-31 ~~However, that adjustment may not reduce the member's annual benefit~~
 68-32 ~~below \$75,000, if the member's benefit begins after age 55, or the~~
 68-33 ~~actuarial equivalent of \$75,000 beginning at age 55 if benefits~~
 68-34 ~~begin before age 55. Furthermore, except as provided by Paragraph~~
 68-35 ~~(C) of this subdivision, an adjustment may not reduce the member's~~
 68-36 ~~annual benefit below \$50,000, regardless of the age at which the~~
 68-37 ~~benefit begins.~~

68-38 ~~[(B) If the annual benefit begins after a member~~
 68-39 ~~attains age 65, the \$90,000 limitation, as adjusted, will be~~
 68-40 ~~increased so that it is the actuarial equivalent of the \$90,000~~
 68-41 ~~limitation at age 65.~~

68-42 ~~[(C) If a member's benefits begin before the~~
 68-43 ~~member has at least 15 years of pension service as a full-time~~
 68-44 ~~employee of the police or fire department, or both, including~~
 68-45 ~~credit for full-time service in the armed forces of the United~~
 68-46 ~~States, Paragraphs (A) and (B) of this subdivision shall be applied~~
 68-47 ~~by substituting "social security retirement age" for "age 62" and~~
 68-48 ~~for "age 65," and the last two sentences of Paragraph (A) of this~~
 68-49 ~~subdivision do not apply in computing the benefit limitation for~~
 68-50 ~~that member.~~

68-51 ~~[(D) The portion of a member's benefit that is~~
 68-52 ~~attributable to the member's own contributions is not part of the~~
 68-53 ~~annual benefit subject to the limitations of Subdivision (1) of~~
 68-54 ~~this subsection. Instead, the amount of those contributions is~~
 68-55 ~~treated as an annual addition to a qualified defined contribution~~
 68-56 ~~plan maintained by the city.~~

68-57 ~~[(4)(A) The dollar limitation on annual benefits~~
 68-58 ~~provided by Subdivision (1) of this subsection, and the \$50,000~~
 68-59 ~~limitation provided by Subdivision (3) of this subsection, but not~~
 68-60 ~~the \$75,000 limitation provided by that subsection, shall be~~
 68-61 ~~adjusted annually as provided by Section 415(d) of the code and the~~
 68-62 ~~regulations prescribed by the secretary of the treasury. The~~
 68-63 ~~adjusted limitation is effective as of January 1 of each calendar~~
 68-64 ~~year and is applicable to limitation years ending with or within~~
 68-65 ~~that calendar year.~~

68-66 ~~[(B) The limitation provided by this paragraph~~
 68-67 ~~for a member who has separated from service with a vested right to a~~
 68-68 ~~pension shall be adjusted annually as provided by Section 415(d) of~~
 68-69 ~~the code and the regulations prescribed by the secretary of the~~

69-1 treasury.

69-2 ~~[(5) The following interest rate assumptions shall be~~
 69-3 ~~used in computing the limitations under this section:~~

69-4 ~~[(A) For the purpose of determining the portion~~
 69-5 ~~of the annual benefit that is purchased with member contributions,~~
 69-6 ~~the interest rate assumption is 8.5 percent, compounded annually,~~
 69-7 ~~for plan years beginning before 1988 and 120 percent of the federal~~
 69-8 ~~mid-term rate, as in effect under Section 1274 of the code,~~
 69-9 ~~compounded annually, for plan years beginning after 1987.~~

69-10 ~~[(B) For the purpose of adjusting the annual~~
 69-11 ~~benefit to a straight life annuity, the interest rate assumption is~~
 69-12 ~~five percent, unless a different rate is required by the secretary~~
 69-13 ~~of the treasury.~~

69-14 ~~[(C) For the purpose of adjusting the \$90,000~~
 69-15 ~~limitation after a member attains age 65, the interest rate~~
 69-16 ~~assumption is five percent, unless a different rate is required by~~
 69-17 ~~the secretary of the treasury, and the mortality decrement shall be~~
 69-18 ~~ignored to the extent that a forfeiture does not occur at death.~~

69-19 ~~[(6) For purposes of Subdivisions (1) and (3) of this~~
 69-20 ~~subsection, an adjustment under Section 415(d) of the code may not~~
 69-21 ~~be taken into account before the limitation year for which that~~
 69-22 ~~adjustment first takes effect. For purposes of Subdivisions (1)~~
 69-23 ~~and (5) of this subsection, an adjustment is not required for the~~
 69-24 ~~value of qualified joint and survivor annuity benefits,~~
 69-25 ~~preretirement death benefits, postretirement medical benefits, or~~
 69-26 ~~postretirement cost-of-living increases made in accordance with~~
 69-27 ~~Section 415(d) of the code and Section 1.415-3(c) of the Income Tax~~
 69-28 ~~Regulations.~~

69-29 ~~[(7) This plan may pay an annual benefit to any member~~
 69-30 ~~in excess of the member's maximum annual benefit otherwise allowed~~
 69-31 ~~if:~~

69-32 ~~[(A) the annual benefit derived from the city's~~
 69-33 ~~contributions under any qualified plans within this article and all~~
 69-34 ~~defined benefit plans maintained by the city does not in the~~
 69-35 ~~aggregate exceed \$10,000 for the limitation year or for any prior~~
 69-36 ~~limitation year; and~~

69-37 ~~[(B) the member has not at any time participated~~
 69-38 ~~in a defined contribution plan maintained by the city.~~

69-39 ~~[For purposes of this subdivision, member contributions to~~
 69-40 ~~the plan are not considered a separate defined contribution plan~~
 69-41 ~~maintained by the city.~~

69-42 ~~[(8) If a member has less than 10 years of pension~~
 69-43 ~~service in the plan at the time the member begins to receive~~
 69-44 ~~benefits under the plan, the \$90,000 limitation, as adjusted, shall~~
 69-45 ~~be reduced by multiplying the limitation by a fraction in which the~~
 69-46 ~~numerator is the number of years of pension service and the~~
 69-47 ~~denominator is 10, provided, however, that the fraction may not be~~
 69-48 ~~less than one-tenth. The 100 percent limitation of Subdivision~~
 69-49 ~~(1)(B) of this subsection, and the \$10,000 limitation of~~
 69-50 ~~Subdivision (7) of this subsection shall be reduced in the same~~
 69-51 ~~manner as provided by this subdivision, except the numerator shall~~
 69-52 ~~be the number of years of employment with the city rather than years~~
 69-53 ~~of pension service.~~

69-54 ~~[(9) If a member is or has been a participant in one or~~
 69-55 ~~more defined benefit plans and one or more defined contribution~~
 69-56 ~~plans maintained by the city, the following provisions shall apply:~~

69-57 ~~[(A) The sum of the defined benefit plan fraction~~
 69-58 ~~and the defined contribution plan fraction for any limitation year~~
 69-59 ~~may not exceed 1.0.~~

69-60 ~~[(B) The defined benefit plan fraction for any~~
 69-61 ~~limitation year is a fraction in which:~~

69-62 ~~[(I) the numerator is the projected annual~~
 69-63 ~~benefit of a member, determined as of the close of the limitation~~
 69-64 ~~year pursuant to Section 1.415-7(b)(3) of the Income Tax~~
 69-65 ~~Regulations; and~~

69-66 ~~[(II) the denominator is the lesser of:~~

69-67 ~~[(i) the product of 1.25 and the maximum~~
 69-68 ~~dollar limitation provided by Subdivision (1)(A) of this~~
 69-69 ~~subsection, as adjusted, for the limitation year; or~~

70-1 ~~[(ii) the product of 1.4 and the amount that~~
 70-2 ~~may be taken into account under Subdivision (1)(B) of this~~
 70-3 ~~subsection for the limitation year.~~

70-4 ~~[(C) The defined contribution plan fraction for~~
 70-5 ~~any limitation year is a fraction in which:~~

70-6 ~~[(I) the numerator is the sum of the annual~~
 70-7 ~~additions to the member's account as of the close of the limitation~~
 70-8 ~~year; and~~

70-9 ~~[(II) the denominator is the sum of the~~
 70-10 ~~lesser of the following amounts determined for the limitation year~~
 70-11 ~~and each prior year of service with the city:~~

70-12 ~~[(i) the product of 1.25 and the dollar~~
 70-13 ~~limitation in effect under Section 415(c)(1)(A) of the code for the~~
 70-14 ~~limitation year, determined without regard to Section 415(c)(6) of~~
 70-15 ~~the code; or~~

70-16 ~~[(ii) the product of 1.4 and the amount that~~
 70-17 ~~may be taken into account under Section 415(c)(1)(B) of the code for~~
 70-18 ~~the limitation year beginning before January 1, 1987; the annual~~
 70-19 ~~additions may not be recomputed to treat all member contributions~~
 70-20 ~~as an annual addition.~~

70-21 ~~[(D) If the sum of the defined benefit plan~~
 70-22 ~~fraction and the defined contribution plan fraction exceeds 1.0 in~~
 70-23 ~~any limitation year for any member of any plan within the pension~~
 70-24 ~~system, the administrator shall limit, to the extent necessary, the~~
 70-25 ~~annual additions to the member's account for that limitation year.~~
 70-26 ~~If after limiting to the extent possible the annual additions to the~~
 70-27 ~~member's account for the limitation year, the sum of the defined~~
 70-28 ~~benefit plan fraction and the defined contribution plan fraction~~
 70-29 ~~still exceeds 1.0, the administrator shall adjust the benefits~~
 70-30 ~~under the defined benefit plan fraction so that the sum of both~~
 70-31 ~~fractions shall not exceed 1.0 in any limitation year for the~~
 70-32 ~~member.~~

70-33 ~~[(10) For purposes of determining the limits provided~~
 70-34 ~~by this section, all qualified defined benefit plans, whether~~
 70-35 ~~terminated or not, ever maintained by or contributed to by the city,~~
 70-36 ~~shall be treated as one defined benefit plan, and all qualified~~
 70-37 ~~defined contribution plans, whether terminated or not, ever~~
 70-38 ~~maintained by or contributed to by the city, shall be treated as one~~
 70-39 ~~defined contribution plan.]~~

70-40 (c-1) [(11)] Notwithstanding anything contained in this
 70-41 section to the contrary, the limitations, adjustments, and other
 70-42 requirements prescribed by this section shall at all times be
 70-43 computed in the manner most favorable to the affected members, to
 70-44 the extent permitted by guidelines issued by the Internal Revenue
 70-45 Service ~~[comply with the requirements of Section 415 of the code and~~
 70-46 ~~all regulations promulgated under the code].~~ If any provision of
 70-47 Section 415 of the code is repealed or is not enforced by the
 70-48 Internal Revenue Service, that provision may not reduce the
 70-49 benefits of any member after the effective date of the repeal of the
 70-50 provision or during the period in which the provision is not
 70-51 enforced.

70-52 (c-2) Any benefit reductions that are required to be made
 70-53 under this section shall be applied to reduce the monthly benefit
 70-54 that would otherwise have been payable to the member, unless the
 70-55 value of the member's DROP account accrued under Section 6.14 of
 70-56 this article exceeds the amount that may be paid under this section.
 70-57 If the value of the DROP account exceeds the value of the payments
 70-58 that may be made under this section, the member shall receive a
 70-59 lump-sum payment from the account of the maximum amount that may be
 70-60 paid under this section and the payment shall permanently reduce
 70-61 the benefits the member would otherwise have been entitled to
 70-62 receive under the combined pension plan.

70-63 (d) A member's retirement pension may not begin later than
 70-64 April 1 of the year after the later of the year in which the member
 70-65 leaves active service or the year in which the member attains age
 70-66 70-1/2 and must at all times comply with the requirements of Section
 70-67 401(a)(9) of the code. ~~[Benefits to a qualified beneficiary may not~~
 70-68 ~~begin later than one year after the date of the member's death].~~

70-69 (e) Any person ~~[member or beneficiary]~~ who receives any

71-1 distribution from any plan within the pension system that is an
 71-2 eligible rollover distribution as defined by Section 402(f)(2)(A)
 71-3 of the code is entitled to have that distribution transferred
 71-4 directly to another eligible retirement plan as defined by Section
 71-5 402(c)(8)(B) of the code of the person's [member's or beneficiary's]
 71-6 choice on providing direction regarding that transfer to the
 71-7 executive director [administrator] in accordance with procedures
 71-8 established by the executive director [administrator].

71-9 (e-1) If an eligible rollover distribution described by
 71-10 Subsection (e) of this section is to a designated beneficiary who is
 71-11 not the spouse or former spouse of the member, the transfer may only
 71-12 be to an individual retirement account or an individual retirement
 71-13 annuity.

71-14 (f) For the 2017 calendar year, the [The] annual
 71-15 compensation taken into account for any purpose under the combined
 71-16 pension plan [this article] may not exceed \$400,000 for an eligible
 71-17 participant or \$270,000 for an ineligible participant [\$200,000 for
 71-18 any calendar year]. For a Group A member the term "annual
 71-19 compensation" means the aggregate of the member's base pay. For a
 71-20 Group B member the term "annual compensation" means the aggregate
 71-21 of the member's computation pay for any given plan year. These
 71-22 dollar limits [The \$200,000 limit] shall be adjusted from [on
 71-23 January 1 of each year at the same] time to time [and] in accordance
 71-24 with guidelines [the same manner as] provided by the secretary of
 71-25 the treasury. For [Section 415(d) of the code. In determining the
 71-26 compensation of a member for] purposes of this subsection, an:

71-27 (1) "eligible participant" means any person who first
 71-28 became a member of the pension system before January 1, 1996; and

71-29 (2) "ineligible participant" means any member who is
 71-30 not an eligible participant [limitation, the family aggregation
 71-31 rules of Section 414(q)(6) of the code apply, except that the term
 71-32 "family member" includes only the spouse of the member and any
 71-33 lineal descendants of the member who have not attained age 19 at the
 71-34 end of the plan year. If as a result of this family aggregation
 71-35 requirement, the \$200,000 limit is exceeded, the limitation shall
 71-36 be prorated among the affected individuals in proportion to each
 71-37 individual's compensation as determined before application of the
 71-38 limit].

71-39 (g) For purposes of Subsection (h) of this section, "normal
 71-40 retirement age" means the earlier of:

71-41 (1) the attainment of 50 years of age on or before
 71-42 September 1, 2017, and completion of at least five years of pension
 71-43 service;

71-44 (2) the attainment of 58 years of age after September
 71-45 1, 2017, and completion of at least five years of pension service;
 71-46 or

71-47 (3) completion of 20 years of pension service.

71-48 (h) The retirement benefit earned by a member is
 71-49 nonforfeitable:

71-50 (1) on attainment of normal retirement age, if not
 71-51 already nonforfeitable; or

71-52 (2) to the extent the benefit is funded, if not already
 71-53 nonforfeitable, on the termination or partial termination of the
 71-54 combined pension plan or the complete discontinuance of city
 71-55 contributions to the fund.

71-56 (i) In accordance with Section 401(a)(8) of the code,
 71-57 forfeitures arising under the combined pension plan may not be used
 71-58 to increase the benefits any member would otherwise receive under
 71-59 the terms of the plan. Forfeitures may be used first to reduce
 71-60 administrative expenses, then to reduce required city
 71-61 contributions.

71-62 (j) Subject to procedures adopted by the board, the pension
 71-63 system shall accept an eligible rollover distribution from another
 71-64 eligible retirement plan as defined by Section 402(f)(2)(B) of the
 71-65 code as payment of all or a portion of any payment a member is
 71-66 permitted to make to the pension system for past pension service
 71-67 credit. The pension system shall separately account for any
 71-68 after-tax contributions transferred from any plan under this
 71-69 subsection.

72-1 SECTION 1.49. Section 8.02, Article 6243a-1, Revised
72-2 Statutes, is amended to read as follows:

72-3 Sec. 8.02. EXCESS BENEFIT PLAN FOR POLICE OFFICERS AND FIRE
72-4 FIGHTERS. The board may by rule establish and administer [~~On the~~
72-5 ~~enactment of federal legislation enabling public retirement~~
72-6 ~~systems to establish excess benefit plans for the benefit of~~
72-7 ~~employees for whom additional benefits from retirement plans~~
72-8 ~~qualified under Section 401 of the code would exceed the~~
72-9 ~~limitations of Section 415 of the code, there is created outside the~~
72-10 ~~pension system] a separate^[7] qualified governmental
72-11 [nonqualified] excess benefit arrangement and associated trust for
72-12 the arrangement in accordance with Section 415(m) of the code.
72-13 [plan containing the following terms and provisions:~~

72-14 ~~[(a)(1) All definitions prescribed by Section 2.01 of this~~
72-15 ~~article are applicable to the plan created pursuant to this section~~
72-16 ~~except:~~

72-17 ~~[(A) if a different definition is set forth in~~
72-18 ~~this subsection; or~~

72-19 ~~[(B) the context in which a term is used in this~~
72-20 ~~section indicates a different meaning is clearly intended than that~~
72-21 ~~prescribed by Section 2.01 of this article.~~

72-22 ~~[(2) "Excess benefit plan" means this separate,~~
72-23 ~~nonqualified, unfunded excess benefit plan as created by this~~
72-24 ~~section for the benefit of eligible members, as amended or restated~~
72-25 ~~from time to time.~~

72-26 ~~[(3) "Qualified plan" means any plan maintained within~~
72-27 ~~the pension system or maintained by the city outside the pension~~
72-28 ~~system for the exclusive benefit of some or all of the employees of~~
72-29 ~~the city if the plan has been found by the Internal Revenue Service~~
72-30 ~~to be qualified or has been treated by the city as a qualified plan~~
72-31 ~~under Section 401 of the code.~~

72-32 ~~[(4) "Maximum benefit" means the retirement benefit a~~
72-33 ~~member or, the spouse, any child, or any dependent parent of a~~
72-34 ~~member if those persons are entitled, is entitled to receive from~~
72-35 ~~all qualified plans in any month after giving effect to Section 8.01~~
72-36 ~~of this article and any similar provisions of any other qualified~~
72-37 ~~plans designed to conform to Section 415 of the code.~~

72-38 ~~[(5) "Excess benefit participant" means any member~~
72-39 ~~whose retirement benefits as determined on the basis of all~~
72-40 ~~qualified plans without regard to the limitations of Section 8.01~~
72-41 ~~of this article and comparable provisions of other qualified plans~~
72-42 ~~would exceed the maximum benefit permitted under Section 415 of the~~
72-43 ~~code.~~

72-44 ~~[(6) "Unrestricted benefit" means the monthly~~
72-45 ~~retirement benefit a member, or the spouse or any child of a member,~~
72-46 ~~would have received under the terms of all qualified plans except~~
72-47 ~~for the restrictions of Section 8.01 of this article and any similar~~
72-48 ~~provisions of any other qualified plans designed to conform to~~
72-49 ~~Section 415 of the code.~~

72-50 ~~[(b)(1) An excess benefit participant who is receiving~~
72-51 ~~benefits from an applicable qualified plan is entitled to a monthly~~
72-52 ~~benefit under this excess benefit plan in an amount equal to the~~
72-53 ~~lesser of:~~

72-54 ~~[(A) the member's unrestricted benefit less the~~
72-55 ~~maximum benefit; or~~

72-56 ~~[(B) the amount by which the member's monthly~~
72-57 ~~benefit from the qualified plan or plans approved by the members has~~
72-58 ~~been reduced due to the limitations of Section 415 of the code.~~

72-59 ~~[(2) In the case of the death of an excess benefit~~
72-60 ~~participant whose spouse or child is entitled to preretirement or~~
72-61 ~~postretirement death benefits under a qualified plan, the excess~~
72-62 ~~benefit participant's surviving spouse or child is entitled to a~~
72-63 ~~monthly benefit under the excess benefit plan equal to the benefit~~
72-64 ~~determined in accordance with the qualified plans without regard to~~
72-65 ~~the limitations under Section 8.01 of this article or Section 415 of~~
72-66 ~~the code, less the maximum benefit.~~

72-67 ~~[(3) Unless the excess benefit participant makes a~~
72-68 ~~timely election to the contrary, a retirement benefit payable under~~
72-69 ~~this excess benefit plan shall be paid in the form and at the time it~~

73-1 would have been paid under the applicable qualified plan except for
 73-2 the limitations under Section 415 of the code. However, retirement
 73-3 benefits payable under this excess benefit plan shall be paid at the
 73-4 time and in the form, including a single-sum distribution, as the
 73-5 excess benefit participant elects from among the benefit payment
 73-6 forms made available under the election form as approved by the
 73-7 board. An excess benefit participant makes an election under this
 73-8 subdivision by sending written notice to the administrator on the
 73-9 election form approved by the board. Each optional benefit form
 73-10 permitted under this excess benefit plan shall be the actuarial
 73-11 equivalent of each other permitted benefit form. On or after an
 73-12 excess benefit participant's leaving active service with an
 73-13 entitlement to a retirement benefit under any qualified plan
 73-14 approved by the members, a benefit under this subdivision may be
 73-15 elected to be paid.

73-16 [(c)(1) This plan shall be administered by the board, and
 73-17 the administrator shall also carry out the business of the board
 73-18 with respect to this excess benefit plan. Except as provided to the
 73-19 contrary by this subsection, the rights, duties, and
 73-20 responsibilities of the board and administrator shall be the same
 73-21 for this excess benefit plan as for the qualified pension plans
 73-22 within the pension system.

73-23 [(2) The qualified actuary employed pursuant to
 73-24 Section 4.08 of this article is responsible for determining the
 73-25 amount of benefits that may not be provided under the qualified
 73-26 plans solely by reason of the limitations of Section 415 of the code
 73-27 and thus the amount of city contributions that will be made to this
 73-28 excess benefit plan rather than to a qualified plan.

73-29 [(3) The legal advisors described by Section 3.03 of
 73-30 this article shall also provide advice to the board for this excess
 73-31 benefit plan.

73-32 [(d) Contributions may not be accumulated under this excess
 73-33 benefit plan to pay future retirement benefits. Instead, each
 73-34 payment of city contributions that would otherwise be made to the
 73-35 fund pursuant to Section 4.02 of this article or comparable
 73-36 provisions of other qualified plans approved by the members shall
 73-37 be reduced by the amount determined by the administrator as
 73-38 necessary to meet the requirements for retirement benefits under
 73-39 this excess benefit plan until the next payment of city
 73-40 contributions is expected to be made to the fund by the city. The
 73-41 city shall then pay to this excess benefit plan, out of the withheld
 73-42 city contributions no earlier than the 14th day before the date of
 73-43 each distribution of monthly retirement benefits is required to be
 73-44 made from this excess benefit plan, the amount necessary to satisfy
 73-45 the obligation to pay this excess benefit plan monthly retirement
 73-46 benefits. The administrator shall satisfy the obligation of this
 73-47 excess benefit plan to pay retirement benefits out of the city
 73-48 contributions so transferred for that month. The city
 73-49 contributions otherwise required to the pension system pursuant to
 73-50 Section 4.02 of this article and any other qualified plan approved
 73-51 by the members shall be divided into those contributions required
 73-52 to pay retirement benefits pursuant to this section and those
 73-53 contributions paid into and accumulated to pay the maximum benefits
 73-54 required under the qualified plans. City contributions made to
 73-55 provide retirement benefits pursuant to this section may not be
 73-56 commingled with the monies of the fund or any other qualified plan.

73-57 [(e) Amendments to this excess benefit plan shall be made in
 73-58 the same manner provided by Section 7.01 of this article.]

73-59 SECTION 1.50. Section 8.03, Article 6243a-1, Revised
 73-60 Statutes, is amended to read as follows:

73-61 Sec. 8.03. EXEMPTION OF BENEFITS FROM JUDICIAL PROCESS OR
 73-62 ALIENATION. (a) A portion of the fund or benefit or amount awarded
 73-63 to any primary party, qualified survivor, ~~[or]~~ beneficiary of a
 73-64 member's DROP account, excess benefit participant, or survivor of
 73-65 an excess benefit participant under this article may not be held,
 73-66 seized, taken, subjected to, or detained or levied on by virtue of
 73-67 any execution, attachment, garnishment, injunction, or other writ,
 73-68 order, or decree, or any process or proceedings issued from or by
 73-69 any court for the payment or satisfaction, in whole or in part, of

74-1 any debt, damage, claim, demands, or judgment against any person
 74-2 entitled to benefits from any plan within the pension system or from
 74-3 the excess benefit plan. The fund and the excess benefit plan or
 74-4 any claim against the fund or the excess benefit plan may not be
 74-5 directly or indirectly assigned or transferred, and any attempt to
 74-6 transfer or assign the fund or the excess benefit plan or a claim
 74-7 against the fund or the excess benefit plan is void.

74-8 (b) A benefit under any plan created or existing pursuant to
 74-9 this article or Article 6243a is subject to division pursuant to the
 74-10 terms of a qualified domestic relations order. The executive
 74-11 director [~~administrator~~] shall determine the qualifications of a
 74-12 domestic relations order according to a uniform, consistent
 74-13 procedure approved by the board. The total benefit payable to a
 74-14 primary party or to an alternate payee under a qualified domestic
 74-15 relations order may not actuarially exceed the benefits to which a
 74-16 primary party would be entitled in the absence of the qualified
 74-17 domestic relations order. In calculating the alternate payee's
 74-18 benefits under a qualified domestic relations order, the interest
 74-19 rate is the rate used by the pension system's actuary in the
 74-20 actuarial evaluation for that year, except that the minimum
 74-21 interest rate for this purpose is the minimum required by Section
 74-22 414 of the code.

74-23 (c) This section does not preclude:

74-24 (1) the payment of death benefits to a [~~support~~] trust
 74-25 for certain [~~surviving~~] children of a primary party pursuant to
 74-26 Section 6.06(n) of this article;

74-27 (2) the withholding of federal taxes from pension
 74-28 benefits;

74-29 (3) the recovery by the board of overpayments of
 74-30 benefits previously made to any person;

74-31 (4) the direct deposit of benefit payments to an
 74-32 account in a bank, savings and loan association, credit union, or
 74-33 other financial institution, provided the arrangement is not an
 74-34 alienation;

74-35 (5) under any policy adopted by the board and
 74-36 uniformly applied to voluntary arrangements entered into by a
 74-37 primary party or qualified survivor, any voluntary and revocable
 74-38 arrangement entered into by a pensioner or a qualified survivor
 74-39 that permits the withholding and direct payment of health care or
 74-40 life insurance premiums or similar payments from the monthly
 74-41 benefit payments; or

74-42 (6) an assignment of the distribution from an
 74-43 annuitized DROP account to a third party under Section 6.14(e-3)(1)
 74-44 of this article.

74-45 (d) For purposes of Subsection (c) of this section, an
 74-46 attachment, garnishment, levy, execution, or other legal process is
 74-47 not considered a voluntary arrangement.

74-48 SECTION 1.51. The following provisions of Article 6243a-1,
 74-49 Revised Statutes, are repealed:

- 74-50 (1) Section 3.01(c);
- 74-51 (2) Section 4.01(b);
- 74-52 (3) Section 4.02(f);
- 74-53 (4) Sections 6.06(i) and (s);
- 74-54 (5) Section 6.10B(h);
- 74-55 (6) Sections 6.14(i) and (k); and
- 74-56 (7) Part 7.

74-57 SECTION 1.52. (a) In this section, "board," "city,"
 74-58 "nominations committee," "pension system," and "trustee" have the
 74-59 meanings assigned by Section 2.01, Article 6243a-1, Revised
 74-60 Statutes, as amended by this article.

74-61 (b) The terms of the current trustees expire on the
 74-62 effective date of this article. Subject to Subsection (e) of this
 74-63 section, on that date or as soon as possible after that date:

74-64 (1) the mayor and nominations committee, as
 74-65 applicable, shall appoint new trustees to the board in accordance
 74-66 with the requirements of Sections 3.01(b)(1) and (2), Article
 74-67 6243a-1, Revised Statutes, as added by this article; and

74-68 (2) notwithstanding the requirements of Sections
 74-69 3.01(b)(3) and (4) and (f), Article 6243a-1, Revised Statutes, as

75-1 added or amended by this article, that the board adopt rules
 75-2 governing the nomination and election of trustees appointed under
 75-3 Sections 3.01(b)(3) and (4), Article 6243a-1, Revised Statutes, as
 75-4 added by this article, the nominations committee shall adopt
 75-5 procedures for nominating and electing the initial trustees
 75-6 nominated and elected under Sections 3.01(b)(3) and (4), Article
 75-7 6243a-1, Revised Statutes, as added by this article.

75-8 (c) Notwithstanding Section 3.01(o), Article 6243a-1,
 75-9 Revised Statutes, as amended by this article, and except as
 75-10 provided by Subsections (d) and (g) of this section, the board may
 75-11 not take any action authorized by Article 6243a-1, Revised
 75-12 Statutes, until at least 10 initial trustees have been appointed or
 75-13 elected, except that the board may take such an action, other than
 75-14 an action described by Section 3.01(o)(2), Article 6243a-1, Revised
 75-15 Statutes, as added by this article, before at least 10 initial
 75-16 trustees have been appointed or elected if the action is in the
 75-17 ordinary course of business of the board and is required for the
 75-18 continued administration of the pension system.

75-19 (d) Once all trustees have been appointed to the board under
 75-20 this section, the board shall by majority vote adopt rules
 75-21 establishing a process for nominating and electing trustees under
 75-22 Sections 3.01(b)(3) and (4), Article 6243a-1, Revised Statutes, as
 75-23 added by this article.

75-24 (e) As soon as possible after the effective date of this
 75-25 article, the mayor and the nominations committee shall:

75-26 (1) make a determination under Section 3.01(e),
 75-27 Article 6243a-1, Revised Statutes, as amended by this article,
 75-28 regarding the term limits of the board established under that
 75-29 section; and

75-30 (2) notwithstanding Section 3.01(e), Article 6243a-1,
 75-31 Revised Statutes, as amended by this article, determine the terms
 75-32 of initial trustees to ensure the appropriate staggering of trustee
 75-33 terms.

75-34 (f) Notwithstanding Section 3.01(g), Article 6243a-1,
 75-35 Revised Statutes, the board shall elect from among its trustees an
 75-36 initial chairman, vice chairman, and deputy vice chairman as soon
 75-37 as possible after all trustees have been appointed or elected in
 75-38 accordance with this article and, if the board elects to do so, an
 75-39 initial second deputy vice chairman.

75-40 (g) Not later than the 90th day after the date all trustees
 75-41 under Section 3.01, Article 6243a-1, Revised Statutes, as amended
 75-42 by this article, have been appointed or elected, the board shall
 75-43 vote on and, if the board determines it is appropriate, amend the
 75-44 existing rules relating to the governance and conduct of the board.

75-45 SECTION 1.53. (a) Not later than January 1, 2018, the board
 75-46 of trustees of the pension system established under Article
 75-47 6243a-1, Revised Statutes, shall:

75-48 (1) establish the ethics policy required by Section
 75-49 3.01(r), Article 6243a-1, Revised Statutes, as added by this
 75-50 article; and

75-51 (2) appoint an executive director under Section 3.04,
 75-52 Article 6243a-1, Revised Statutes, as amended by this article.

75-53 (b) As soon as possible after the executive director is
 75-54 appointed under Subsection (a) of this section, the executive
 75-55 director may hire, subject to confirmation by the board of trustees
 75-56 of the pension system established under Article 6243a-1, Revised
 75-57 Statutes, a chief investment officer as authorized under Section
 75-58 3.025, Article 6243a-1, Revised Statutes, as added by this article,
 75-59 and a chief legal officer as authorized under Section 3.03(c),
 75-60 Article 6243a-1, Revised Statutes, as amended by this article.

75-61 SECTION 1.54. (a) In this section, "executive director,"
 75-62 "nominations committee," and "pensioner" have the meanings
 75-63 assigned by Section 2.01, Article 6243a-1, Revised Statutes, as
 75-64 amended by this article.

75-65 (b) As soon as possible after the effective date of this
 75-66 article but not later than the 30th day after the effective date of
 75-67 this article, the president, chair, or other executive head of an
 75-68 organization described by Section 3.011(a)(2), Article 6243a-1,
 75-69 Revised Statutes, as added by this article, that is eligible to and

76-1 intends to participate on the nominations committee shall notify
76-2 the executive director of:

76-3 (1) the organization's intent to participate on the
76-4 nominations committee; and

76-5 (2) whether the president, chair, or other executive
76-6 head, as appropriate, or that person's designee will serve on the
76-7 committee.

76-8 SECTION 1.55. Section 4.025, Article 6243a-1, Revised
76-9 Statutes, as added by this article, applies only to a contribution
76-10 made on or after the date of the most recently completed actuarial
76-11 valuation following the effective date of this article.

76-12 SECTION 1.56. The board of trustees of the pension system
76-13 established under Article 6243a-1, Revised Statutes, shall review
76-14 all investments held on the effective date of this article under
76-15 Section 4.071, Article 6243a-1, Revised Statutes, as added by this
76-16 article.

76-17 SECTION 1.57. Changes in law to Part 5, Article 6243a-1,
76-18 Revised Statutes, as amended by this article, apply to membership
76-19 in a pension system established under Article 6243a-1, Revised
76-20 Statutes, on or after the effective date of this article.

76-21 SECTION 1.58. A rollover distribution to a plan
76-22 administered by the pension system established under Article
76-23 6243a-1, Revised Statutes, that was made on or after January 1,
76-24 2002, is validated as of the date the distribution occurred. A
76-25 distribution described by this section may not be held invalid
76-26 because the distribution was not performed in accordance with
76-27 Section 8.01(j), Article 6243a-1, Revised Statutes, as added by
76-28 this article, or other applicable law.

76-29 ARTICLE 2. IMMEDIATE PROHIBITION ON CERTAIN LUMP-SUM DISTRIBUTIONS

76-30 SECTION 2.01. Part 6, Article 6243a-1, Revised Statutes, is
76-31 amended by adding Section 6.142 to read as follows:

76-32 Sec. 6.142. PROHIBITION ON CERTAIN LUMP-SUM DISTRIBUTIONS.

76-33 (a) Notwithstanding Section 6.14 of this article, including
76-34 Section 6.14(d)(1) of this article, the board may not distribute or
76-35 allow the distribution of the balance of a DROP participant's DROP
76-36 account under a single-sum or other lump-sum distribution to a DROP
76-37 participant or a participant's designated beneficiary, except:

76-38 (1) in the event of an unforeseeable emergency, as
76-39 described in Section 6 of the DROP addendum policy adopted by the
76-40 board that took effect on January 12, 2017;

76-41 (2) as permitted by the board under Section 8e of the
76-42 DROP addendum policy adopted by the board that took effect on
76-43 January 12, 2017, in order to avoid the possibility of an early
76-44 distribution tax penalty under Section 72(t) of the code; or

76-45 (3) in compliance with a court order.

76-46 (b) This section expires September 1, 2017.

76-47 ARTICLE 3. SEVERABILITY AND EFFECTIVE DATE

76-48 SECTION 3.01. If any provision of this Act or its
76-49 application to any person or circumstance is held invalid, the
76-50 invalidity does not affect other provisions or applications of this
76-51 Act that can be given effect without the invalid provision or
76-52 application, and to this end the provisions of this Act are declared
76-53 to be severable.

76-54 SECTION 3.02. (a) Except as provided by Subsections (b),
76-55 (d), and (e) of this section, this Act takes effect immediately if
76-56 it receives a vote of two-thirds of all the members elected to each
76-57 house, as provided by Section 39, Article III, Texas Constitution.
76-58 If this Act does not receive the vote necessary for immediate
76-59 effect, this Act takes effect on the 91st day after the last day of
76-60 the legislative session.

76-61 (b) Except as provided by Subsection (e) of this section,
76-62 Article 1 of this Act takes effect on September 1, 2017, unless the
76-63 board of trustees of the pension system established under Article
76-64 6243a-1, Revised Statutes, violates Section 6.142, Article
76-65 6243a-1, Revised Statutes, as added by this Act, on or before August
76-66 31, 2017, as determined by the State Pension Review Board.

76-67 (c) If the State Pension Review Board determines that the
76-68 pension system violated Section 6.142, Article 6243a-1, Revised
76-69 Statutes, as added by this Act, the State Pension Review Board

77-1 shall:

77-2 (1) not later than August 31, 2017:

77-3 (A) notify the board of trustees of the pension

77-4 system and the mayor and city council of a city subject to Article

77-5 6243a-1, Revised Statutes, of its determination under this section;

77-6 and

77-7 (B) publish notice of its determination under

77-8 this section on the State Pension Review Board's Internet website;

77-9 and

77-10 (2) as soon as practicable after August 31, 2017,

77-11 publish notice of its determination under this section in the Texas

77-12 Register.

77-13 (d) If, not later than August 31, 2017, the State Pension

77-14 Review Board makes the determination described by Subsection (c) of

77-15 this section, Article 1 of this Act has no effect.

77-16 (e) Section 4.021, Article 6243a-1, Revised Statutes, as

77-17 added by Article 1 of this Act, does not take effect if S.B. 2 or

77-18 similar legislation of the 85th Legislature, Regular Session, 2017,

77-19 that has the effect of lowering the rollback tax rate of a city as

77-20 calculated under Chapter 26, Tax Code, does not become law.

77-21

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