By:  Muñoz, Jr. H.B. No. 593

A BILL TO BE ENTITLED

AN ACT

relating to the computation of the standard service retirement annuity for members of the Teacher Retirement System of Texas enrolled in the Texas Public School Employees Group Insurance Program.

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

SECTION 1.  Section 824.203(a), Government Code, is amended to read as follows:

(a)  Except as provided by Subsections (c) and (d), and subject to Section 824.2035, the standard service retirement annuity is an amount computed on the basis of the member's average annual compensation for the five years of service, whether or not consecutive, in which the member received the highest annual compensation, times 2.3 percent for each year of service credit in the retirement system.

SECTION 2.  Subchapter C, Chapter 824, Government Code, is amended by adding Section 824.2035 to read as follows:

Sec. 824.2035.  STANDARD SERVICE RETIREMENT BENEFITS:  ADJUSTMENT OF PERCENTAGE FACTOR. (a) In this section, "group program" and "health benefit plan" have the meanings assigned by Section 1575.002, Insurance Code.

(b)  The board of trustees shall:

(1)  study the out-of-pocket costs paid and projected to be paid by annuitants for health benefit plan coverage provided under the group program, including premiums, deductibles, and prescription drug costs; and

(2)  based on the board's findings under Subdivision (1) and notwithstanding any other law, by rule adopt a method or formula for increasing the percentage factor used in the computation of the standard service retirement annuity under Section 824.203(a) for annuitants enrolled in the group program in order to mitigate the impact projected out-of-pocket costs have on the annuitants' service retirement annuities.

SECTION 3.  Not later than December 31, 2020, the board of trustees of the Teacher Retirement System of Texas shall complete the study and adopt the rule required by Section 824.2035, Government Code, as added by this Act.

SECTION 4.  The changes in law made by this Act apply:

(1)  to a person who is an annuitant of the Teacher Retirement System of Texas on or after September 1, 2021, regardless of whether the person became an annuitant before, on, or after that date; and

(2)  beginning with the first annuity payable on or after September 1, 2021.

SECTION 5.  This Act takes effect September 1, 2019.