

By: Bonnen of Galveston

H.B. No. 9

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the contributions to and benefits under the Teacher
3 Retirement System of Texas.

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

5 SECTION 1. Section 825.402, Government Code, is amended to
6 read as follows:

7 Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. The rate of
8 contributions for each member of the retirement system is:

9 (1) five percent of the member's annual compensation
10 or \$180, whichever is less, for service rendered after August 31,
11 1937, and before September 1, 1957;

12 (2) six percent of the first \$8,400 of the member's
13 annual compensation for service rendered after August 31, 1957, and
14 before September 1, 1969;

15 (3) six percent of the member's annual compensation
16 for service rendered after August 31, 1969, and before the first day
17 of the 1977-78 school year;

18 (4) 6.65 percent of the member's annual compensation
19 for service rendered after the last day of the period described by
20 Subdivision (3) and before September 1, 1985;

21 (5) 6.4 percent of the member's annual compensation
22 for service rendered after August 31, 1985, and before September 1,
23 2014;

24 (6) 6.7 percent of the member's annual compensation

1 for service rendered after August 31, 2014, and before September 1,
2 2015;

3 (7) 7.2 percent of the member's annual compensation
4 for service rendered after August 31, 2015, and before September 1,
5 2016;

6 (8) 7.7 percent of the member's annual compensation
7 for service rendered after August 31, 2016, and before September 1,
8 2017; ~~and~~

9 (9) for service rendered on or after September 1,
10 2017, and before September 1, 2020, the lesser of:

11 (A) 7.7 percent of the member's annual
12 compensation; or

13 (B) a percentage of the member's annual
14 compensation equal to 7.7 percent reduced by one-tenth of one
15 percent for each one-tenth of one percent that the state
16 contribution rate for the fiscal year to which the compensation
17 ~~[service]~~ relates is less than the state contribution rate
18 established for the 2015 fiscal year; and

19 (10) for compensation paid on or after September 1,
20 2020, the lesser of:

21 (A) 7.7 percent of the member's annual
22 compensation; or

23 (B) a percentage of the member's annual
24 compensation equal to 7.7 percent reduced by one-tenth of one
25 percent for each one-tenth of one percent that the state
26 contribution rate for the fiscal year to which the compensation
27 relates is less than the state contribution rate established under

1 Section 825.404(a-2) for the applicable fiscal year.

2 SECTION 2. Section 825.404, Government Code, is amended by
3 amending Subsections (a) and (a-1) and adding Subsection (a-2) to
4 read as follows:

5 (a) Except as provided by Subsection (a-1) and subject to
6 Subsection (a-2), during each fiscal year, the state shall
7 contribute to the retirement system an amount equal to at least six
8 and not more than 10 percent of the aggregate annual compensation of
9 all members of the retirement system during that fiscal year.

10 (a-1) In computing the amount owed by the state under this
11 section [~~Subsection (a)~~], the compensation of members who are
12 employed by public junior colleges or public junior college
13 districts shall be included in the aggregate annual compensation as
14 follows:

15 (1) 50 percent of the eligible creditable compensation
16 of employees who:

17 (A) otherwise are eligible for membership in the
18 retirement system; and

19 (B) are instructional or administrative
20 employees whose salaries may be fully paid from funds appropriated
21 under the General Appropriations Act, regardless of whether such
22 salaries are actually paid from appropriated funds; and

23 (2) none of the eligible creditable compensation of
24 all other employees who:

25 (A) do not meet the requirements of Subdivision
26 (1)(B) but are otherwise eligible for membership in the retirement
27 system; or

1 (B) cannot be included as a qualifying employee
2 under Subdivision (1) by application of Subsection (b-1).

3 (a-2) The state contribution required by Subsection (a) is:

4 (1) for the fiscal year beginning on September 1,
5 2020, 6.8 percent of the aggregate annual compensation of all
6 members of the retirement system during that fiscal year;

7 (2) for the fiscal year beginning on September 1,
8 2021, 7.8 percent of the aggregate annual compensation of all
9 members of the retirement system during that fiscal year;

10 (3) for the fiscal year beginning on September 1,
11 2022, 8.05 percent of the aggregate annual compensation of all
12 members of the retirement system during that fiscal year;

13 (4) for the fiscal year beginning on September 1,
14 2023, 8.3 percent of the aggregate annual compensation of all
15 members of the retirement system during that fiscal year;

16 (5) for the fiscal year beginning on September 1,
17 2024, 8.55 percent of the aggregate annual compensation of all
18 members of the retirement system during that fiscal year; and

19 (6) for the fiscal year beginning on September 1,
20 2025, and each subsequent fiscal year, 8.8 percent of the aggregate
21 annual compensation of all members of the retirement system during
22 that fiscal year.

23 SECTION 3. (a) The Teacher Retirement System of Texas
24 shall make a one-time supplemental payment of a retirement or death
25 benefit, as provided by this section.

26 (b) Subject to Subsection (i) of this section, the
27 supplemental payment is payable not later than September 2021 and,

1 to the extent practicable, on a date or dates that coincide with the
2 regular annuity payment payable to each eligible annuitant.

3 (c) The amount of the supplemental payment is equal to the
4 lesser of:

5 (1) the gross amount of the regular annuity payment to
6 which the eligible annuitant is otherwise entitled for the calendar
7 month immediately prior to the calendar month in which the Teacher
8 Retirement System of Texas issues the one-time supplemental payment
9 in accordance with Subsection (b) of this section; or

10 (2) \$2,400.

11 (d) The supplemental payment is payable without regard to
12 any forfeiture of benefits under Section 824.601, Government Code.
13 The Teacher Retirement System of Texas shall make applicable tax
14 withholding and other legally required deductions before
15 disbursing the supplemental payment. A supplemental payment under
16 this section is in addition to and not in lieu of the regular
17 monthly annuity payment to which the eligible annuitant is
18 otherwise entitled.

19 (e) Subject to Subsection (f) of this section, to be
20 eligible for the supplemental payment, a person must be, for the
21 calendar month immediately prior to the calendar month in which the
22 Teacher Retirement System of Texas issues the one-time supplemental
23 payment in accordance with Subsection (b) of this section, and
24 disregarding any forfeiture of benefits under Section 824.601,
25 Government Code, an annuitant eligible to receive:

26 (1) a standard retirement annuity payment;

27 (2) an optional retirement annuity payment as either a

1 retiree or beneficiary;

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

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

6 (5) an alternate payee annuity payment under Section
7 804.005, Government Code.

8 (f) If the annuitant is a retiree or a beneficiary under an
9 optional retirement payment plan, to be eligible for the
10 supplemental payment, the effective date of the retirement of the
11 member of the Teacher Retirement System of Texas must have been on
12 or before December 31, 2018. If the annuitant is a beneficiary
13 under Section 824.402(a)(3) or (4), Government Code, to be eligible
14 for the supplemental payment, the date of death of the member of the
15 retirement system must have been on or before December 31, 2018.
16 The supplemental payment shall be made to an alternate payee who is
17 an annuitant under Section 804.005, Government Code, only if the
18 annuity payment to the alternate payee commenced on or before
19 December 31, 2018. The supplemental payment is in addition to the
20 guaranteed number of payments under Section 824.402(a)(3),
21 Government Code, Section 824.204(c)(3) or (4), Government Code, or
22 Section 824.308(c), Government Code, and may not be counted as one
23 of the guaranteed monthly payments.

24 (g) The supplemental payment does not apply to payments
25 under:

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

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

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

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

10 (h) The board of trustees of the Teacher Retirement System
11 of Texas shall determine the eligibility for and the amount and
12 timing of a supplemental payment and the manner in which the payment
13 is made.

14 (i) The state shall appropriate to the Teacher Retirement
15 System of Texas an amount equal to the cost of the one-time
16 supplemental payment required by this section. This amount is in
17 addition to the amount the state is required to contribute to the
18 Teacher Retirement System of Texas under Section 825.404,
19 Government Code. If the state does not transfer the appropriated
20 amount described by this subsection, the Teacher Retirement System
21 of Texas shall not issue the one-time supplemental payment required
22 by this section.

23 SECTION 4. This Act takes effect September 1, 2019.