

By: Smithee

H.B. No. 4587

A BILL TO BE ENTITLED

1 AN ACT
2 relating to optional annuity increases for certain retirees and
3 beneficiaries of the Texas Municipal Retirement System and related
4 distribution requirements.

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

6 SECTION 1. Section 853.404, Government Code, is amended by
7 amending Subsection (c) and adding Subsection (f) to read as
8 follows:

9 (c) The governing body of a participating municipality that
10 adopts an ordinance under Section 854.203 providing for increased
11 annuities effective January 1 of a designated year may further
12 provide in the ordinance that increases in annuities will be
13 credited effective January 1 of each year following the designated
14 year based on recomputations made as provided by Section 854.203(b)
15 [~~854.203(b)(1)~~] for each year following the initial computation,
16 and using the fraction specified in the ordinance as required under
17 Section 854.203(b) [~~854.203(b)(2)~~] in the recomputations.

18 (f) If an ordinance described by Subsection (c) will cease
19 to be in effect for a future year, or if an increase in annuities
20 specified in an ordinance described by Subsection (c) will be
21 changed or discontinued as provided by this section, the governing
22 body of the participating municipality shall notify members and
23 annuitants by regular mail not later than the 60th day before the
24 date on which the ordinance will cease to be in effect or the

1 increase will be changed or discontinued. For an annuitant who
2 receives a periodic check or advice of deposit from the retirement
3 system by regular mail, the notice required by this subsection must
4 be included with the annuitant's check or advice of deposit.

5 SECTION 2. Section 854.203, Government Code, is amended by
6 amending Subsections (b) and (f) and adding Subsection (b-1) to
7 read as follows:

8 (b) The amount of annuity increase under this section is
9 computed by one of the following methods:

10 (1) as the sum of the prior and current service
11 annuities on the effective date of retirement of the person on whose
12 service the annuities are based, multiplied by:

13 (A) [~~(1)~~] the percentage change in the Consumer
14 Price Index for All Urban Consumers, published by the Bureau of
15 Labor Statistics of the United States Department of Labor, from
16 December of the year immediately preceding the effective date of
17 the person's retirement to the December that is 13 months before the
18 effective date of the ordinance providing the increase; and

19 (B) [~~(2)~~] 30 percent, 50 percent, or 70 percent,
20 as specified by the governing body in the ordinance, except that if
21 the governing body has specified a different percentage in an
22 ordinance adopted under Section 853.404(c) and in effect on
23 December 31, 1999, the percentage used in computing annuity
24 increases for retirees of that municipality remains in effect until
25 changed or discontinued under Section 853.404; or

26 (2) as the sum of the prior and current service
27 annuities of the person on whose service the annuities are based on

1 the effective date of the annuity increase multiplied by the
2 percentage increase specified in the ordinance adopted by the
3 governing body, except that an adjustment to an annuity after the
4 annuity starting date for an increase under this subdivision may
5 not cause an annuitant's annuity to exceed the amount to which the
6 annuitant would have been entitled to had the maximum amount of the
7 increase allowed under Subdivision (1) been applied to the
8 annuitant's annuity.

9 (b-1) An increase under Subsection (b)(2) applies to all
10 annuities for which the effective date of retirement of the person
11 on whose service the annuity is based is at least 12 months before
12 the effective date of the increase. Notwithstanding any other
13 provision of this subtitle, each distribution of a benefit under
14 this subtitle must be determined and made in accordance with
15 Section 401(a)(9), Internal Revenue Code of 1986. The board of
16 trustees may adopt rules it considers necessary to comply with the
17 distribution requirements.

18 (f) An increase granted to an annuitant under Subsection
19 (b)(2), or the [The] amount by which an increase under Subsection
20 (b)(1) [this section] exceeds all previously granted increases to
21 an annuitant, is:

22 (1) payable as a prior service annuity;

23 (2) [~~is~~] an obligation of the municipality's account
24 in the benefit accumulation fund; [~~is~~] and

25 (3) [~~is~~] subject to reduction under Section
26 855.308(f).

27 SECTION 3. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2019.