A BILL TO BE ENTITLED
AN ACT
relating to a supplemental payment for retirees of the Teacher Retirement System of Texas and the unfunded actuarial liabilities allowed under that system.

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

SECTION 1. Section 821.006, Government Code, is amended by adding Subsections (c), (d), and (e) to read as follows:

(c) Notwithstanding Subsections (a) and (b), the retirement system may provide a one-time supplemental payment to an annuitant eligible to receive:

(1) a standard retirement annuity payment;
(2) an optional retirement annuity payment as either a retiree or beneficiary;
(3) a life annuity payment under Section 824.402(a)(4);
(4) an annuity for a guaranteed period of 60 months under Section 824.402(a)(3); or
(5) an alternate payee annuity payment under Section 804.005.

(d) A one-time supplemental payment under Subsection (c) is authorized, even if the amortization period for the unfunded actuarial liabilities of the retirement system exceeds 30 years by one or more years, only if the board of trustees determines that at the time of the supplemental payment the payment can be made while
preserving the ability of the retirement system to meet at least 70
percent of the system's pension obligations.

(e) The funding for a supplemental payment under Subsection
(c) must come from the earnings the retirement system makes on its
investments as provided by this subsection. A supplemental payment
may be made at any time during the period beginning on September 1
and ending on December 31 only if, during the preceding fiscal year,
the return on investments, as provided by the actuarial valuation
on August 31 of that year, exceeds two percent by an amount
sufficient to pay for the supplemental payment. Subsections (c)
and (d) and this subsection expire January 1, 2024.

SECTION 2. (a) The Teacher Retirement System of Texas shall
make a one-time supplemental payment of a retirement or death
benefit, as provided by Section 821.006, Government Code, as
amended by this Act, and this section.

(b) The supplemental payment is payable not later than
December 31, 2023, and, to the extent practicable, on a date or
dates that coincide with the regular annuity payment payable to
each eligible annuitant.

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

(1) the gross amount of the regular annuity payment to
which the eligible annuitant is otherwise entitled for the month of
August 2021; or

(2) $2,400.

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

(e) Subject to Subsection (f) of this section, to be eligible for the supplemental payment, a person must be, for the month of August 2021, and disregarding any forfeiture of benefits under Section 824.601, Government Code, an annuitant eligible to receive:

(1) a standard retirement annuity payment;
(2) an optional retirement annuity payment as either a retiree or beneficiary;
(3) a life annuity payment under Section 824.402(a)(4), Government Code;
(4) an annuity for a guaranteed period of 60 months under Section 824.402(a)(3), Government Code; or
(5) an alternate payee annuity payment under Section 804.005, Government Code.

(f) If the annuitant is a retiree or a beneficiary under an optional retirement payment plan, to be eligible for the supplemental payment, the effective date of the retirement of the member of the Teacher Retirement System of Texas must have been on or before December 31, 2020. If the annuitant is a beneficiary under Section 824.402(a)(3) or (4), Government Code, to be eligible for the supplemental payment, the date of death of the member of the
A retirement system must have been on or before December 31, 2020. The supplemental payment shall be made to an alternate payee who is an annuitant under Section 804.005, Government Code, only if the annuity payment to the alternate payee commenced on or before December 31, 2020. The supplemental payment is in addition to the guaranteed number of payments under Section 824.402(a)(3), 824.204(c)(3) or (4), or 824.308(c)(3) or (4), Government Code, and may not be counted as one of the guaranteed monthly payments.

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

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

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

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

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

(h) Except as provided by this section, the board of trustees of the Teacher Retirement System of Texas shall determine the eligibility for and the amount and timing of a supplemental payment and the manner in which the payment is made.

SECTION 3. This Act takes effect September 1, 2021.