

## **BILL ANALYSIS**

C.S.H.B. 3507  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerns have been raised regarding the amount of annuities received by retirees of the Teacher Retirement System of Texas (TRS). It has been reported that nearly a quarter of a million TRS retirees earn less than roughly \$2,000 per month. Given that the monthly average of annuities among all retirees is just over \$2,000, and the vast majority of retirees do not have social security benefits upon which to rely, there have been calls to provide a one-time supplemental payment to eligible annuitants of TRS. C.S.H.B. 3507 seeks to address this issue by providing for a maximum payment of \$2,400 to eligible TRS retirees.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3507 requires the Teacher Retirement System of Texas (TRS) to make a one-time supplemental payment of a retirement or death benefit to an eligible annuitant, payable not later than January 2022 and, to the extent practicable, on a date or dates that coincide with the regular annuity payment payable to each eligible annuitant. The amount of the supplemental payment is equal to the lesser of \$2,400 or the gross amount of the regular annuity payment to which the eligible annuitant is otherwise entitled for the calendar month immediately prior to the calendar month in which TRS issues the supplemental payment. The bill clarifies that the payment is in addition to and not in lieu of the regular monthly annuity payment to which the eligible annuitant is otherwise entitled.

C.S.H.B. 3507 makes eligible for the supplemental payment an annuitant who, for the calendar month immediately prior to the calendar month in which TRS issues the payment, and disregarding any forfeiture of benefits due to the resumption of service, is eligible to receive one of the following, subject to certain requirements with respect to the dates of death, retirement, or commencement of the annuity payment, as applicable:

- a standard retirement annuity payment;
- an optional retirement annuity payment as either a retiree or beneficiary;
- an alternate payee annuity payment; or
- as the beneficiary of an active member who dies during a school year in which the member has performed service:
  - an optional life annuity payment; or

- an annuity for a guaranteed period of 60 months following the death of the member.

C.S.H.B. 3507 establishes that the supplemental payment is payable without regard to any forfeiture of benefits due to a resumption of service and requires TRS to make applicable tax withholding and other legally required deductions before disbursing the payment. The bill clarifies that the payment is in addition to an applicable recipient's guaranteed number of payments and may not be counted as one of those guaranteed monthly payments. The bill requires the TRS board of trustees to determine the eligibility for and the amount and timing of a supplemental payment and the manner in which the payment is made.

The supplemental payment provided by the bill does not apply to the following:

- disability retirees with less than 10 years of service credit;
- participants in the deferred retirement option plan with regard to payments from their deferred retirement option plan accounts;
- retiree survivor beneficiaries who receive a survivor annuity in an amount fixed by statute; or
- active member survivor beneficiaries who receive a survivor annuity in an amount fixed by statute.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3507 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute changes the deadline set by the original for TRS to make the supplemental payment from September 2022 to January 2022 and increases the maximum amount of the supplemental payment set by the original from \$2,000 to \$2,400.