

By: Gates

H.B. No. 1439

A BILL TO BE ENTITLED

AN ACT

relating to the payment of certain lump-sum benefits by the Employees Retirement System of Texas.

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

SECTION 1. Section 814.011, Government Code, is amended to read as follows:

Sec. 814.011. LUMP-SUM PAYMENTS IN LIEU OF ANNUITIES. (a) The retirement system may elect to make a lump-sum payment to a retiree or beneficiary in lieu of annuity payments if:

(1) the actuarial present value of the annuity at the time of retirement or death does not exceed \$20,000; or

(2) at the time of the election:

(A) the retiree or beneficiary, as applicable, agrees to payment in an amount that is less than the actuarial present value of the annuity; and

(B) making the payment will result in a reduction in the unfunded actuarial liabilities of the retirement system.

(b) Payment of a lump sum under this section does not affect eligibility for any other program administered by the retirement system.

SECTION 2. Section 814.1082, Government Code, is amended by amending Subsections (b) and (c) and adding Subsection (c-1) to read as follows:

(b) The amount of the lump-sum distribution under this

1 section may not exceed:

2 (1) the sum of 36 months of a standard service
3 retirement annuity computed without regard to this section; or

4 (2) another sum that the board of trustees determines
5 is appropriate and will result in a reduction in the unfunded
6 actuarial liabilities of the retirement system.

7 (c) If a member selects a lump-sum distribution described by
8 Subsection (b)(1), the [The] service retirement annuity selected by
9 the member shall be actuarially reduced to reflect the lump-sum
10 option selected by the member and shall be actuarially equivalent
11 to a standard or optional service retirement annuity, as
12 applicable, without the partial lump-sum distribution. The annuity
13 and lump sum shall be computed to result in no actuarial loss to the
14 retirement system.

15 (c-1) If a member selects a lump-sum distribution described
16 by Subsection (b)(2), the service retirement annuity selected by
17 the member shall be actuarially reduced by an amount that is:

18 (1) greater than the actuarial equivalent of the
19 lump-sum option selected by the member; and

20 (2) agreed to by the member after receiving written
21 notice under Subsection (g).

22 SECTION 3. This Act takes effect immediately if it receives
23 a vote of two-thirds of all the members elected to each house, as
24 provided by Section 39, Article III, Texas Constitution. If this
25 Act does not receive the vote necessary for immediate effect, this
26 Act takes effect September 1, 2021.