

By: Frank, Capriglione

H.B. No. 1393

A BILL TO BE ENTITLED

AN ACT

relating to an optional service retirement annuity that provides an increasing annuity under the Employees Retirement System of Texas.

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

SECTION 1. Subchapter B, Chapter 814, Government Code, is amended by adding Section 814.110 to read as follows:

Sec. 814.110. INCREASING ANNUITY OPTION. (a) A member who is eligible for a service retirement annuity not reduced because of age may select a standard retirement annuity or an optional service retirement annuity described by Section 814.108 together with the option for an increasing annuity as described by this section.

(b) The retirement system shall provide the increasing annuity option by reducing the member's annuity for an appropriate implementation period beginning immediately after the member's retirement and annually increasing the amount of the annuity by two percent or by another percentage rate, as determined by the system under Subsection (c), for each year during the applicable implementation period.

(c) The retirement system may offer other increasing annuity options similar to the option described by Subsection (b), including increasing annuity options providing a different percentage rate of increase or a different implementation period.

(d) If a member elects to receive an increasing annuity option under this section, the member's annuity must be calculated

1 to reflect the option selected and be actuarially equivalent to a
2 standard or optional service retirement annuity, as applicable,
3 that the member would have been entitled to had the member not
4 elected to receive the option. The annuity must be computed to
5 result in no actuarial loss to the retirement system.

6 (e) The increasing annuity option under this section may be
7 elected only once by a member and may not be elected by a retiree. A
8 member retiring under the proportionate retirement program under
9 Chapter 803 is not eligible for the option.

10 (f) This section does not apply to:

11 (1) a disability retirement annuity; or
12 (2) an annuity based on service credited in the
13 elected class.

14 (g) Before a retiring member selects an increasing annuity
15 option under this section, the retirement system must provide a
16 written notice to the member of the amount by which the member's
17 annuity will be reduced and the implementation period applicable
18 because of that selection. The retirement system shall maintain a
19 copy of the notice required under this subsection that is signed by
20 the member.

21 (h) The board of trustees may adopt rules for the
22 implementation of this section.

23 SECTION 2. Section 814.110, Government Code, as added by
24 this Act, applies only to a retirement that occurs on or after
25 January 1, 2024.

26 SECTION 3. This Act takes effect September 1, 2023.