- 1 AN ACT
- 2 relating to contributions to, benefits from, and the administration
- 3 of the Judicial Retirement System of Texas Plan Two.
- 4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
- 5 SECTION 1. Section 803.202, Government Code, is amended by
- 6 adding Subsection (d) to read as follows:
- 7 (d) A member of the Judicial Retirement System of Texas Plan
- 8 Two who is subject to Chapter 840A is eligible to participate in the
- 9 program provided by this chapter.
- 10 SECTION 2. Section 804.003, Government Code, is amended by
- 11 amending Subsections (j) and (k) and adding Subsection (k-2) to
- 12 read as follows:
- (j) Except as provided by Subsection (k-2), if $[\frac{1}{1}]$ a
- 14 domestic relations order is determined to be a qualified domestic
- 15 relations order, then the public retirement system (or applicable
- 16 carrier, if under the optional retirement program) shall pay the
- 17 segregated amounts without interest to the person or persons
- 18 entitled thereto and shall thereafter pay benefits pursuant to the
- 19 order.
- 20 (k) Except as provided by Subsection (k-2), if [If] a
- 21 domestic relations order is determined not to be a qualified
- 22 domestic relations order or if within 18 months of the date a
- 23 domestic relations order is received by the public retirement
- 24 system (or applicable carrier, if under the optional retirement

- 1 program) the issue as to whether such order is a qualified domestic
- 2 relations order is not resolved, then the public retirement system
- 3 (or applicable carrier, if under the optional retirement program)
- 4 shall pay the segregated amounts without interest and shall
- 5 thereafter pay benefits to the person or persons who would have been
- 6 entitled to such amounts if there had been no order. This
- 7 subsection shall not be construed to limit or otherwise affect any
- 8 liability, responsibility, or duty of a party with respect to any
- 9 other party to the action out of which the order arose.
- 10 (k-2) Payment of segregated amounts by a public retirement
- 11 system, or applicable carrier if under the optional retirement
- 12 program, under Subsections (j) and (k) related to a benefit payable
- 13 with respect to a member or retiree subject to Chapter 840A must
- 14 include annual interest provided by Section 840A.103 and gain
- 15 sharing interest provided by Section 840A.104.
- SECTION 3. Section 836.001, Government Code, is amended by
- 17 adding Subdivision (3-a) and amending Subdivision (9) to read as
- 18 follows:
- 19 (3-a) "Cash balance group member" means a member
- 20 subject to Chapter 840A.
- 21 (9) "Service credit" means the amount of membership
- 22 and, if applicable, military $[\tau]$ and equivalent membership service
- 23 ascribed by the retirement system to a person and for which the
- 24 person has made required contributions.
- SECTION 4. Section 837.102(a), Government Code, is amended
- 26 to read as follows:
- 27 (a) A retiree who resumes service as a judicial officer

- 1 other than by [appointment or] assignment described in Section
- 2 837.101 may not rejoin or receive credit in the retirement system
- 3 for the resumed service, unless an election is made as provided by
- 4 Section 837.103.
- 5 SECTION 5. Subchapter B, Chapter 837, Government Code, is
- 6 amended by adding Section 837.103 to read as follows:
- 7 Sec. 837.103. RESUMPTION OF FULL-TIME JUDICIAL SERVICE BY
- 8 CERTAIN RETIREES; OPTIONAL ELECTION TO REJOIN SYSTEM. (a) This
- 9 section does not apply to a retiree receiving a cash balance annuity
- 10 under Chapter 840A.
- 11 (b) Notwithstanding Sections 837.001(c) and 837.002(2) and
- 12 subject to Subsection (d), a retiree described by Section
- 13 837.102(a) may elect to rejoin the retirement system as a member and
- 14 receive service credit in the system for resuming service as a
- 15 judicial officer if, before taking the oath of office, the retiree
- 16 has been separated from judicial service for at least six full
- 17 consecutive months. The retiree shall provide notice of the
- 18 election to the system in the manner prescribed by the system.
- 19 (c) For a person who makes an election under this section,
- 20 on the resumption of annuity payments that have been suspended
- 21 under Section 837.102, the retirement system shall recompute the
- 22 <u>annuity selected at the time of the person's original retirement to</u>
- 23 include the person's additional service credit established during
- 24 membership under this section. If, at the time of the person's
- 25 original retirement, the person selected an optional retirement
- 26 annuity payable under Section 839.103(a)(3) or (4), the retirement
- 27 system shall reduce the number of months of payments by the number

- 1 of months for which the annuity was paid before the person resumed
- 2 service.
- 3 (d) A person may make an election under this section only
- 4 once.
- 5 (e) The retirement system shall implement this section only
- 6 if the system is considered actuarially sound. For purposes of this
- 7 subsection, the system is considered actuarially sound if, based on
- 8 an actuarial valuation of the system prepared under Section
- 9 840.204(d) on or after September 1, 2023, the amount of
- 10 contributions to the system are sufficient to cover the normal cost
- 11 of the system and to amortize the unfunded actuarial accrued
- 12 <u>liability of the system within 30 years. Not later than the 30th</u>
- 13 day after the date an actuarial valuation is prepared showing the
- 14 system is actuarially sound, the system shall implement this
- 15 section. On September 1, 2025:
- 16 (1) if this section is implemented, this subsection
- 17 <u>expires; or</u>
- 18 (2) if this section is not implemented, this section
- 19 expires.
- SECTION 6. Section 838.001, Government Code, is amended to
- 21 read as follows:
- Sec. 838.001. TYPES OF CREDITABLE SERVICE. The types of
- 23 service creditable in the retirement system are[+
- 24 $\left[\frac{1}{1}\right]$ membership service and, as applicable: $\left[\frac{1}{1}\right]$
- (1) $\left[\frac{(2)}{2}\right]$ military service; and
- (2) $\left[\frac{(3)}{(3)}\right]$ equivalent membership service.
- 27 SECTION 7. Subchapter A, Chapter 838, Government Code, is

- 1 amended by adding Section 838.002 to read as follows:
- 2 Sec. 838.002. PROVISIONS INAPPLICABLE TO CASH BALANCE GROUP
- 3 MEMBERS. Sections 838.102, 838.103, 838.1035, 838.105, 838.106,
- 4 838.107, and 838.108 of this chapter do not apply to a cash balance
- 5 group member.
- 6 SECTION 8. Subchapter A, Chapter 839, Government Code, is
- 7 amended by adding Section 839.005 to read as follows:
- 8 Sec. 839.005. PROVISIONS INAPPLICABLE TO CASH BALANCE GROUP
- 9 MEMBERS. The following provisions of this chapter do not apply to a
- 10 cash balance group member:
- 11 (1) Section 839.002; and
- 12 (2) Subchapters B and E.
- SECTION 9. Section 839.201(a), Government Code, is amended
- 14 to read as follows:
- 15 (a) A member, other than a member who is eligible to receive
- 16 a service retirement annuity under Section 839.101 or a cash
- 17 <u>balance annuity under Section 840A.052</u>, is eligible, regardless of
- 18 age, to retire from regular active service for disability and
- 19 receive a disability retirement annuity if the member has at least
- 20 seven years of service credit in the retirement system.
- 21 SECTION 10. Subchapter A, Chapter 840, Government Code, is
- 22 amended by adding Section 840.009 to read as follows:
- Sec. 840.009. PROVISIONS INAPPLICABLE TO CASH BALANCE GROUP
- 24 MEMBERS. Sections 840.102(g) and (h), 840.1025, and 840.1027 of
- 25 this chapter do not apply to a cash balance group member.
- SECTION 11. The heading to Section 840.102, Government
- 27 Code, is amended to read as follows:

- 1 Sec. 840.102. COLLECTION OF CERTAIN MEMBER CONTRIBUTIONS.
- 2 SECTION 12. Section 840.102(a), Government Code, is amended
- 3 to read as follows:
- 4 (a) Except as provided by Subsections (g) and (h), each
- 5 payroll period, a judicial officer who is a member of the retirement
- 6 system other than a cash balance group member is required to
- 7 contribute 9.5 percent of the officer's state compensation for
- 8 service rendered after September 1, 2019.
- 9 SECTION 13. Sections 840.105(a) and (c), Government Code,
- 10 are amended to read as follows:
- 11 (a) For all state compensation earned [after December 31,
- 12 $\frac{1989_{7}}{}$] by judicial officers who are members of the retirement
- 13 system, the state shall pick up the member contributions required
- 14 by Section 840.102 or 840A.101, as applicable. The state shall pay
- 15 the picked-up contributions to the retirement system from the same
- 16 source that is used in paying state compensation to the judicial
- 17 officer members. These payments are in lieu of contributions by the
- 18 members. The state shall pick up these contributions by a
- 19 corresponding reduction in the cash salaries of the members, by an
- 20 offset against a future salary increase, or by a combination of a
- 21 salary reduction and offset against a future salary increase.
- 22 Members do not have the option of choosing to receive the
- 23 contributed amounts directly instead of having them paid by the
- 24 state to the retirement system.
- 25 (c) Member contributions picked up as provided by
- 26 Subsection (a) shall be transmitted to the retirement system in the
- 27 manner required by Section 840.102. Member contributions picked up

- 1 by the state shall be credited to the members' individual accounts
- 2 and treated for all other purposes as if the amounts were a part of
- 3 the members' compensation and had been deducted as provided by
- 4 Section 840.102 or 840A.101, as applicable.
- 5 SECTION 14. Section 840.306(a), Government Code, is amended
- 6 to read as follows:
- 7 (a) Except as provided by Section 840A.103 or 840A.104,
- 8 <u>interest</u> [Interest] on money in a member's individual account in
- 9 the retirement system is earned monthly and is computed at the rate
- 10 of five percent a year on the mean balance of the member's account
- 11 for the fiscal year.
- 12 SECTION 15. Subchapter E, Chapter 840, Government Code, is
- 13 amended by adding Section 840.407 to read as follows:
- 14 Sec. 840.407. EXCESS BENEFIT ARRANGEMENT. (a) A separate,
- 15 nonqualified, unfunded excess benefit arrangement is created
- 16 outside the trust fund of the retirement system. This excess
- 17 benefit arrangement shall be administered as a governmental excess
- 18 benefit arrangement under Section 415(m) of the Internal Revenue
- 19 Code of 1986 (26 U.S.C. Section 415(m)). The purpose of the excess
- 20 benefit arrangement is to pay to annuitants of the retirement
- 21 system benefits otherwise payable by the retirement system that
- 22 exceed the limitations on benefits imposed by Section 415(b)(1)(A)
- 23 of the Internal Revenue Code of 1986 (26 U.S.C. Section
- 24 <u>415(b)(1)(A)).</u>
- 25 (b) The board of trustees is responsible for the
- 26 <u>administration of this arrangement. Except as otherwise provided</u>
- 27 by this section, the board has the same rights, duties, and

- 1 responsibilities concerning the excess benefit arrangement as it
- 2 has to the trust fund.
- 3 (c) Benefits under this section are exempt from execution to
- 4 the same extent as provided by Section 836.004, except that the
- 5 benefits are completely unassignable. Contributions to this
- 6 arrangement are not held in trust and may not be commingled with
- 7 other funds of the retirement system.
- 8 (d) An annuitant is entitled to a monthly benefit under this
- 9 section in an amount equal to the amount by which the benefit
- 10 otherwise payable by the retirement system has been reduced by the
- 11 limitation on benefits imposed by Section 415(b)(1)(A) of the
- 12 Internal Revenue Code of 1986 (26 U.S.C. Section 415(b)(1)(A)).
- 13 The benefit payable by this arrangement is payable at the times and
- 14 in the form that the benefit payable under the trust fund is paid.
- 15 (e) The benefit payable under this section shall be paid
- 16 from state contributions that otherwise would be made to the trust
- 17 fund under Section 840.103. In lieu of deposit in the state
- 18 accumulation account, an amount determined by the retirement system
- 19 to be necessary to pay benefits under this section shall be paid
- 20 monthly to the credit of a dedicated account in the general revenue
- 21 fund maintained only for the excess benefit arrangement. The
- 22 account may include amounts needed to pay reasonable and necessary
- 23 expenses of administering this arrangement. The monthly amount to
- 24 be paid to the credit of the account shall be transferred to the
- 25 account at least 15 days before the date of a monthly disbursement
- 26 under this section.
- 27 (f) The board of trustees may adopt rules governing the

- 1 excess benefit arrangement that are necessary for the efficient
- 2 administration of the arrangement in compliance with Section 415(m)
- 3 of the Internal Revenue Code of 1986 (26 U.S.C. Section 415(m)).
- 4 SECTION 16. Subtitle E, Title 8, Government Code, is
- 5 amended by adding Chapter 840A to read as follows:
- 6 CHAPTER 840A. CASH BALANCE BENEFIT
- 7 SUBCHAPTER A. GENERAL PROVISIONS
- 8 Sec. 840A.001. DEFINITION. In this chapter, "accumulated
- 9 account balance" means the total of amounts in a member's
- 10 individual account in the retirement system, including:
- 11 (1) amounts deducted from the compensation of the
- 12 member;
- 13 (2) other member deposits required to be placed in the
- 14 member's individual account; and
- 15 (3) interest credited to amounts in the member's
- 16 individual account, including interest and gain sharing interest
- 17 credited in accordance with Sections 840A.103 and 840A.104,
- 18 respectively.
- 19 Sec. 840A.002. APPLICABILITY. This chapter applies only to
- 20 a member who:
- 21 (1) took office on or after September 1, 2024; and
- (2) was not a member on the date the member took
- 23 <u>office.</u>
- Sec. 840A.003. CONFLICT OF LAW. To the extent of a conflict
- 25 between this chapter, including a rule adopted by the retirement
- 26 system under authority of this chapter, and any other law, this
- 27 chapter prevails.

- 1 Sec. 840A.004. RULES. The board of trustees may adopt rules
- 2 necessary to implement this chapter.
- 3 SUBCHAPTER B. CASH BALANCE BENEFITS
- 4 Sec. 840A.051. APPLICATION FOR CASH BALANCE BENEFIT.
- 5 (a) A member may apply for a cash balance annuity by filing an
- 6 application for retirement with the board of trustees.
- 7 (b) An application for a cash balance annuity may not be
- 8 <u>made:</u>
- 9 (1) after the date the member wishes to retire; or
- 10 (2) more than 90 days before the date the member wishes
- 11 to retire.
- 12 Sec. 840A.052. ELIGIBILITY FOR CASH BALANCE BENEFIT. A
- 13 member is eligible to retire and receive a cash balance annuity if
- 14 the member:
- 15 (1) is at least 60 years old and has at least eight
- 16 years of service credited in the retirement system; or
- 17 (2) is at least 50 years old and has at least 12 years
- 18 of service credited in the retirement system.
- 19 Sec. 840A.053. STANDARD CASH BALANCE BENEFITS FOR MEMBERS.
- 20 (a) The state match for the cash balance benefit is an amount
- 21 computed by multiplying the member's accumulated account balance by
- 22 <u>150 percent.</u>
- 23 (b) The retirement system shall compute a member's standard
- 24 cash balance annuity under this section by taking the sum of the
- 25 member's accumulated account balance and the state match computed
- 26 under Subsection (a) and annuitizing that amount over the life
- 27 expectancy of the member as of the effective date of the member's

- 1 retirement using mortality and other tables adopted by the board of
- 2 trustees for that purpose under Section 840.005.
- 3 Sec. 840A.054. OPTIONAL CASH BALANCE BENEFITS. (a)
- 4 Instead of the standard cash balance annuity payable under Section
- 5 840A.053, a retiring member may elect to receive an optional cash
- 6 balance annuity under this section.
- 7 (b) A person who selects an optional lifetime cash balance
- 8 annuity must designate, before the selection becomes effective, one
- 9 beneficiary to receive the annuity on the death of the person making
- 10 the selection. A person who selects an optional cash balance
- 11 annuity payable for a guaranteed period may designate, before or
- 12 after retirement, one or more beneficiaries to receive the annuity
- 13 on the death of the person making the selection.
- 14 (c) A person eligible to select an optional cash balance
- 15 annuity under this section may select an option which provides
- 16 that:
- 17 (1) after the retiree's death, the reduced annuity is
- 18 payable in the same amount throughout the life of the beneficiary
- 19 <u>designated by the retiree before retirement;</u>
- 20 (2) after the retiree's death, one-half of the reduced
- 21 annuity is payable throughout the life of the beneficiary
- 22 <u>designated by the retiree before retirement;</u>
- 23 (3) if the retiree dies before 60 monthly annuity
- 24 payments have been made, the remainder of the 60 payments are
- 25 payable to one or more beneficiaries or, if one does not exist, to
- 26 the retiree's estate;
- 27 (4) if the retiree dies before 120 monthly annuity

- 1 payments have been made, the remainder of the 120 payments are
- 2 payable to one or more beneficiaries or, if one does not exist, to
- 3 the retiree's estate; or
- 4 (5) after the retiree's death, three-fourths of the
- 5 reduced annuity is payable throughout the life of the beneficiary
- 6 designated by the retiree before retirement.
- 7 (d) If a beneficiary designated by a retiree under
- 8 Subsection (b) predeceases the retiree and the retiree has elected
- 9 an optional lifetime annuity, the reduced annuity shall be
- 10 increased to the standard cash balance annuity that the retiree
- 11 would have been entitled to receive if the retiree had not selected
- 12 the optional annuity. The standard cash balance annuity shall be
- 13 adjusted as appropriate for post-retirement increases in
- 14 retirement benefits authorized by law since the date of retirement.
- (e) Any increase in an annuity under Subsection (d) begins
- 16 with the payment for the month following the month in which the
- 17 <u>designated beneficiary dies</u>, and the increased annuity is payable
- 18 to the retiree for the remainder of the retiree's life.
- 19 (f) The computation of an optional cash balance annuity must
- 20 be made without regard to the gender of the annuitant or designated
- 21 beneficiary.
- 22 (g) Except as provided by Section 840A.055, a person who
- 23 selected an optional cash balance annuity described by Subsection
- 24 (c)(1), (2), or (5) may not change or revoke a beneficiary
- 25 designation after the person's effective date of retirement.
- 26 (h) A beneficiary designation that names a former spouse as
- 27 a beneficiary for a guaranteed optional cash balance annuity

- 1 described by Subsection (c)(3) or (4) is invalid unless the
- 2 designation is made after the date of the divorce.
- 3 Sec. 840A.055. CHANGE IN OPTIONAL CASH BALANCE ANNUITY
- 4 SELECTION. (a) A person who retired and selected an optional cash
- 5 balance annuity described by Section 840A.054(c)(1), (2), or (5)
- 6 may change the optional annuity to a standard cash balance annuity
- 7 only if:
- 8 (1) pursuant to a divorce decree, a court orders the
- 9 change in the annuity to a standard cash balance annuity; or
- 10 (2) the retiree files with the retirement system a
- 11 request to change the annuity and, in connection with a divorce
- 12 between the retiree and the beneficiary designated by the retiree
- 13 under Section 840A.054(b), the beneficiary has executed a written,
- 14 notarized instrument that:
- 15 (A) releases the system from any claim to the
- 16 annuity by the beneficiary; and
- 17 <u>(B) transfers all of the beneficiary's interest</u>
- 18 in the annuity to the retiree.
- 19 (b) If a retiree files a request as provided by Subsection
- 20 (a), the retirement system shall recompute the annuity as a
- 21 standard cash balance annuity. The increase in the annuity under
- 22 this section begins with the monthly payment made to the retiree for
- 23 the month following the month in which a request is filed as
- 24 provided by Subsection (a).
- Sec. 840A.056. PARTIAL LUMP-SUM CASH BALANCE OPTION. (a) A
- 26 member who is eligible for a cash balance annuity may select a
- 27 standard cash balance annuity under Section 840A.053 or an optional

- 1 cash balance annuity under Section 840A.054, together with a
- 2 partial lump-sum distribution.
- 3 (b) The amount of the lump-sum distribution under this
- 4 section may not exceed the sum of 36 months of a standard cash
- 5 balance annuity computed without regard to this section.
- 6 (c) The cash balance annuity selected by the member shall be
- 7 actuarially reduced to reflect the lump-sum option selected by the
- 8 member and shall be actuarially equivalent to a standard or
- 9 optional cash balance annuity, as applicable, without the partial
- 10 lump-sum distribution. The annuity and lump sum shall be computed
- 11 to result in no actuarial loss to the retirement system.
- 12 (d) The lump-sum distribution shall be made as a single
- 13 payment payable at the time that the first monthly annuity payment
- 14 is paid.
- 15 (e) The amount of the lump-sum distribution shall be
- 16 deducted from any amount otherwise payable under this chapter.
- 17 (f) The partial lump-sum option under this section may be
- 18 elected only once by a member and may not be elected by a retiree. A
- 19 member retiring under the proportionate retirement program under
- 20 Chapter 803 is not eligible for the partial lump-sum option.
- 21 (g) Before a retiring member selects a partial lump-sum
- 22 <u>distribution under this section:</u>
- 23 (1) the retirement system shall provide written notice
- 24 to the member of the amount by which the member's annuity will be
- 25 reduced because of the selection; and
- 26 (2) the member must acknowledge receipt of the notice
- 27 in writing.

- 1 (h) The board of trustees may adopt rules for the
- 2 implementation of this section and may authorize the option to be
- 3 used for a death benefit annuity. This section does not apply to a
- 4 disability retirement annuity.
- 5 Sec. 840A.057. DEATH AND DISABILITY BENEFITS. (a)
- 6 Notwithstanding any other law, a member subject to this chapter, a
- 7 retiree receiving a cash balance annuity under this chapter, or the
- 8 beneficiary of a member or retiree described by this subsection,
- 9 who qualifies for a death or survivor benefit annuity or a
- 10 disability retirement annuity under Chapter 839 is entitled to a
- 11 cash balance annuity under this subchapter instead of the annuity
- 12 otherwise provided under Chapter 839.
- 13 (b) The board of trustees may enter into contracts to
- 14 provide additional death and disability benefits under this
- 15 chapter.
- 16 <u>SUBCHAPTER C. CONTRIBUTIONS AND INTEREST</u>
- 17 Sec. 840A.101. COLLECTION OF MEMBER CONTRIBUTIONS. Each
- 18 payroll period, each department or agency of the state shall cause
- 19 to be deducted from the compensation of a member subject to this
- 20 chapter a contribution of six percent of the compensation of the
- 21 member.
- Sec. 840A.102. STATE CONTRIBUTIONS FOR MILITARY SERVICE.
- 23 (a) The state shall contribute for military service established
- 24 under Section 838.1031 an amount in the same ratio to the member's
- 25 contribution for the service as the state's contribution bears to
- 26 the contribution for current service required of a member of the
- 27 retirement system who is subject to this chapter at the time the

- 1 <u>service is established under this subchapter.</u>
- 2 (b) The state's contribution under Subsection (a) shall be
- 3 paid from the fund from which the member receives compensation at
- 4 the time the service is established or, if the member does not hold
- 5 a position at the time the service is established, from the fund
- 6 from which the member received compensation when the member most
- 7 recently held a position.
- 8 <u>Sec. 840A.103. ANNUAL INTEREST ADJUSTMENT. Each fiscal</u>
- 9 year, the retirement system shall deposit for a member subject to
- 10 this chapter an amount equal to four percent of the member's
- 11 <u>accumulated account balance deposited into the member's individual</u>
- 12 account in the retirement system.
- Sec. 840A.104. GAIN SHARING INTEREST ADJUSTMENT. (a) Each
- 14 fiscal year and subject to Subsection (b), the retirement system
- 15 shall compute the gain sharing interest rate by:
- (1) determining the average return on the investment
- 17 of the system's cash and securities during the preceding five
- 18 fiscal years, expressed as a percentage rate;
- 19 (2) subtracting four percentage points from the
- 20 percentage rate determined under Subdivision (1); and
- 21 (3) multiplying the resulting difference under
- 22 Subdivision (2) by 50 percent.
- (b) Subject to Subsection (c), each fiscal year, the
- 24 retirement system shall:
- 25 (1) in addition to the amount deposited under Section
- 26 840A.103, deposit into each member's individual account in the
- 27 retirement system an amount equal to the gain sharing interest rate

- 1 determined under Subsection (a) for the fiscal year multiplied by
- 2 the member's accumulated account balance as of the end of the
- 3 preceding fiscal year; and
- 4 (2) recalculate the annuity payment of a retiree or
- 5 annuitant under this chapter by:
- 6 (A) multiplying the annuity payment amount as of
- 7 the end of the preceding fiscal year by the gain sharing interest
- 8 rate determined under Subsection (a); or
- 9 (B) if the retiree or annuitant was not entitled
- 10 to an annuity payment as of the end of the preceding fiscal year,
- 11 multiplying the retiree's or annuitant's first annuity payment
- 12 amount by the gain sharing interest rate determined under
- 13 Subsection (a).
- 14 (c) The gain sharing interest rate applied under Subsection
- 15 (b) may not be less than zero or more than three percent.
- (d) Subsection (b) applies only to a retiree or annuitant
- 17 who is receiving a cash balance annuity under Section 840A.053 or
- 18 840A.054, including an alternate payee under Section 804.005.
- 19 SECTION 17. Section 1551.102(b), Insurance Code, is amended
- 20 to read as follows:
- 21 (b) An individual is eligible to participate in the group
- 22 benefits program as provided by Subsection (a) if:
- 23 (1) the individual retires under the jurisdiction of
- 24 the Employees Retirement System of Texas; and
- 25 (2) the individual:
- 26 (A) receives or is eligible to receive an annuity
- 27 under Section 814.104(a)(2), Government Code, and has at least 10

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years of eligible service credit;
 1
 2
                     (B) receives or is eligible to receive an annuity
   under Chapter 803 or Section 814.104(a)(1), Government Code, has at
 3
4
   least 10 years of eligible service credit, and is at least 65 years
5
   of age;
6
                     (C)
                         receives or is eligible to receive an annuity
7
   that is based on eligibility under Section 814.002, 814.102,
   814.104(b), 814.107(a), 834.101, or 839.101 or Subchapter B,
8
   Chapter 840A, Government Code; or
10
                          receives or is eligible to receive an annuity
11
   under Subchapter B, Chapter 820, Government Code, and has at least
   10 years of eligible service credit.
12
          SECTION 18. Section 1551.3196(c), Insurance
13
                                                            Code,
                                                                    is
    amended to read as follows:
14
15
               This section does not apply to an individual who:
16
                    receives or is eligible to receive an annuity that
    is based on eligibility under Section 814.002, 814.102, 834.101,
17
```

20 program under:

is eligible to participate in the group benefits

- Section 1551.102(d) because of a disability; 21 (A) 22
- Section 1551.102(f). 23 (B)

18

19

οr

[or] 839.101, or 840A.052, Government Code; or

- 24 SECTION 19. Section 837.103, Government Code, as added by
- this Act, if implemented, applies to a retiree of the Judicial 25
- Retirement System of Texas Plan Two who resumes service as a 26
- 27 judicial officer before, on, or after the date that section is

S.B. No. 1245

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- 2 SECTION 20. This Act takes effect immediately if it
- 3 receives a vote of two-thirds of all the members elected to each
- 4 house, as provided by Section 39, Article III, Texas Constitution.
- 5 If this Act does not receive the vote necessary for immediate
- 6 effect, this Act takes effect September 1, 2023.

| President of the Senate | Speaker of the House |
|-------------------------|----------------------|
| riesident of the senate | speaker or the house |

I hereby certify that S.B. No. 1245 passed the Senate on April 12, 2023, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 22, 2023, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 1245 passed the House, with amendment, on May 18, 2023, by the following vote: Yeas 144, Nays 1, one present not voting.

| Chief | Clerk | of | the | House | |
|-------|-------|----|-----|-------|--|

| Approved: | Chief Clerk of t |
|-----------|------------------|
| Date | |
| Governor | |