

1 subsection is eligible to retire and receive a standard service
2 retirement annuity if:

3 (1) the member is at least 65 years old and has at
4 least five years of service credit in the retirement system; or

5 (2) the member is at least 60 years old and has at
6 least five years of service credit in the retirement system and the
7 sum of the member's age and amount of service credit in the
8 retirement system equals the number 80.

9 (a-2) This subsection applies only to a person who does not
10 have at least five years of service credit in the retirement system
11 on or before August 31, 2014, or who becomes a member of the
12 retirement system on or after September 1, 2014. A member subject
13 to this subsection is eligible to retire and receive a standard
14 service retirement annuity if:

15 (1) the member is at least 65 years old and has at
16 least five years of service credit in the retirement system; or

17 (2) the member is at least 62 years old and has at
18 least five years of service credit in the retirement system and the
19 sum of the member's age and amount of service credit in the
20 retirement system equals the number 80.

21 (b) This subsection applies only to a person who is not
22 subject to Subsection (b-1), (b-2), ~~(d)~~, (d-1), or (d-2). If a
23 member subject to this subsection is at least 55 years old and has
24 at least five years of service credit in the retirement system, the
25 member is eligible to retire and receive a service retirement
26 annuity reduced from the standard service retirement annuity
27 available under Subsection (a)(1), to a percentage derived from the

1 following table:

2 Age at date of	55	56	57	58	59	60	61	62	63	64	65
3 retirement											
4 Percentage of	47%	51%	55%	59%	63%	67%	73%	80%	87%	93%	100%
5 standard annuity											
6 receivable											

7 (b-1) This subsection applies only to a person who becomes a
8 member of the retirement system on or after September 1, 2007, and
9 who is not subject to Subsection (b-2). If a member subject to this
10 subsection is at least 55 years old and has at least five years of
11 service credit in the retirement system, but does not meet the
12 requirements under Subsection (d-1), the member is eligible to
13 retire and receive a service retirement annuity reduced from the
14 standard service retirement annuity available under Subsection
15 (a-1)(1), to a percentage derived from the following table:

16 Age at date of	55	56	57	58	59	60	61	62	63	64	65
17 retirement											
18 Percentage of	47%	51%	55%	59%	63%	67%	73%	80%	87%	93%	100%
19 standard annuity											
20 receivable											

21 (b-2) This subsection applies only to a person who does not
22 have at least five years of service credit in the retirement system
23 on or before August 31, 2014, or who becomes a member of the
24 retirement system on or after September 1, 2014. If a member
25 subject to this subsection is at least 55 years old and has at least
26 five years of service credit in the retirement system, but does not
27 meet the requirements under Subsection (d-2), the member is

1 eligible to retire and receive a service retirement annuity reduced
 2 from the standard service retirement annuity available under
 3 Subsection (a-2)(1), to a percentage derived from the following
 4 table:

5 <u>Age at date of</u>	<u>55</u>	<u>56</u>	<u>57</u>	<u>58</u>	<u>59</u>	<u>60</u>	<u>61</u>	<u>62</u>	<u>63</u>	<u>64</u>	<u>65</u>
6 <u>retirement</u>											
7 <u>Percentage of</u>	<u>47%</u>	<u>51%</u>	<u>55%</u>	<u>59%</u>	<u>63%</u>	<u>67%</u>	<u>73%</u>	<u>80%</u>	<u>87%</u>	<u>93%</u>	<u>100%</u>
8 <u>standard annuity</u>											
9 <u>receivable</u>											

10 (d) This subsection applies only to a person who is not
 11 subject to Subsection (d-1) or (d-2). If a member subject to this
 12 subsection has at least 30 years of service credit in the retirement
 13 system, the member is eligible to retire regardless of age and
 14 receive a service retirement annuity consisting of the standard
 15 service retirement annuity available under Subsection (a)
 16 decreased by two percent for each year of age under 50 years.

17 (d-1) This subsection applies only to a person who becomes a
 18 member of the retirement system on or after September 1, 2007, and
 19 who is not subject to Subsection (d-2). If the sum of the member's
 20 age and amount of service credit in the retirement system equals the
 21 number 80, with at least five years of service credit, or if the
 22 member has at least 30 years of service credit in the retirement
 23 system, the member is eligible to retire regardless of age and
 24 receive a service retirement annuity consisting of [~~reduced from~~]
 25 the standard service retirement annuity available under Subsection
 26 (a-1)(2) decreased by five percent for each year of age under 60
 27 years [~~(a)(2), to a percentage derived from the following table:~~]

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1	Age at date of	50	51	52	53	54	55	56	57	58	59	60
2	retirement											
3	Minimum years of	30	29	28	27	26	25	24	23	22	21	20
4	service credit											
5	required											
6	Percentage of	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
7	standard annuity											
8	receivable											

9 ~~[For each year of age under 50 years with 30 years of service~~
10 ~~credit, the standard service retirement annuity shall be five~~
11 ~~percent less than the percentage for age 50 with 30 years of service~~
12 ~~credit].~~

13 (d-2) This subsection applies only to a person who does not
14 have at least five years of service credit in the retirement system
15 on or before August 31, 2014, or who becomes a member of the
16 retirement system on or after September 1, 2014. If the sum of the
17 member's age and amount of service credit in the retirement system
18 equals the number 80, with at least five years of service credit, or
19 if the member has at least 30 years of service credit in the
20 retirement system, the member is eligible to retire regardless of
21 age and receive a service retirement annuity consisting of the
22 standard service retirement annuity available under Subsection
23 (a-2)(2) decreased by five percent for each year of age under 62
24 years.

25 SECTION 2. Subchapter H, Chapter 824, Government Code, is
26 amended by adding Section 824.702 to read as follows:

27 Sec. 824.702. COST-OF-LIVING ADJUSTMENT. (a) The

1 retirement system shall make a one-time cost-of-living adjustment
2 payable to annuitants receiving a monthly death or retirement
3 benefit annuity, as provided by this section.

4 (b) Subject to Subsections (c) and (d), to be eligible for
5 the adjustment, a person must be, on the effective date of the
6 adjustment and disregarding any forfeiture of benefits under
7 Section 824.601, an annuitant eligible to receive:

8 (1) a standard service or disability retirement
9 annuity payment;

10 (2) an optional service or disability retirement
11 annuity payment as either a retiree or beneficiary;

12 (3) an annuity payment under Section 824.402(a)(3) or
13 (4);

14 (4) an annuity payment under Section 824.502; or

15 (5) an alternate payee annuity payment under Section
16 804.005.

17 (c) If the annuitant:

18 (1) is a retiree, or is a beneficiary under an optional
19 retirement payment plan, to be eligible for the adjustment under
20 this section:

21 (A) the annuitant must be living on the effective
22 date of the adjustment; and

23 (B) the effective date of the retirement of the
24 member of the Teacher Retirement System of Texas must have been on
25 or before August 31, 2004;

26 (2) is a beneficiary under Section 824.402(a)(3) or
27 (4) or 824.502, to be eligible for the adjustment:

1 (A) the annuitant must be living on the effective
2 date of the adjustment; and

3 (B) the date of death of the member of the
4 retirement system must have been on or before August 31, 2004; or

5 (3) is an alternate payee under Section 804.005, the
6 annuitant is eligible for the adjustment only if the effective date
7 of the election to receive the annuity payment was on or before
8 August 31, 2004.

9 (d) An adjustment made under this section does not apply to
10 payments under:

11 (1) Section 824.203(d), relating to retirees who
12 receive a standard service retirement annuity in an amount fixed by
13 statute;

14 (2) Section 824.304(a), relating to disability
15 retirees with less than 10 years of service credit;

16 (3) Section 824.304(b)(2), relating to disability
17 retirees who receive a disability annuity in an amount fixed by
18 statute;

19 (4) Section 824.404(a), relating to active member
20 survivor beneficiaries who receive a survivor annuity in an amount
21 fixed by statute;

22 (5) Section 824.501(a), relating to retiree survivor
23 beneficiaries who receive a survivor annuity in an amount fixed by
24 statute; or

25 (6) Section 824.804(b), relating to participants in
26 the deferred retirement option plan with regard to payments from
27 their deferred retirement option plan accounts.

1 (e) An adjustment under this section:

2 (1) must be made beginning with an annuity payable for
3 the month of September 2013; and

4 (2) is limited to the lesser of:

5 (A) an amount equal to three percent of the
6 monthly benefit subject to the increase; or

7 (B) \$100 a month.

8 (f) The board of trustees shall determine the eligibility
9 for and the amount of any adjustment in monthly annuities in
10 accordance with this section.

11 SECTION 3. Section 824.807, Government Code, is amended to
12 read as follows:

13 Sec. 824.807. INTEREST. Interest is creditable to a
14 member's account in the deferred retirement option account at an
15 annual, prorated rate equal to two [~~five~~] percent during the period
16 of participation in the plan and until all benefits are
17 distributed.

18 SECTION 4. Subsection (b), Section 825.307, Government
19 Code, is amended to read as follows:

20 (b) Interest on a member's contribution is earned monthly
21 and computed at the rate of two [~~five~~] percent a year. Except as
22 provided by Subsection (c), interest is computed based on the mean
23 balance in the member's account during that fiscal year and shall be
24 credited on August 31 of each year.

25 SECTION 5. Section 825.402, Government Code, is amended to
26 read as follows:

27 Sec. 825.402. RATE OF MEMBER CONTRIBUTIONS. [~~(a)~~] The

1 rate of contributions for each member of the retirement system is:

2 (1) five percent of the member's annual compensation
3 or \$180, whichever is less, for service rendered after August 31,
4 1937, and before September 1, 1957;

5 (2) six percent of the first \$8,400 of the member's
6 annual compensation for service rendered after August 31, 1957, and
7 before September 1, 1969;

8 (3) six percent of the member's annual compensation
9 for service rendered after August 31, 1969, and before the first day
10 of the 1977-78 school year;

11 (4) 6.65 percent of the member's annual compensation
12 for service rendered after the last day of the period described by
13 Subdivision (3) and before September 1, 1985; ~~and~~

14 (5) 6.4 percent of the member's annual compensation
15 for service rendered after August 31, 1985, and before September 1,
16 2014;

17 (6) 6.7 percent of the member's annual compensation
18 for service rendered after August 31, 2014, and before September 1,
19 2015;

20 (7) 7.2 percent of the member's annual compensation
21 for service rendered after August 31, 2015, and before September 1,
22 2016;

23 (8) 7.7 percent of the member's annual compensation
24 for service rendered after August 31, 2016, and before September 1,
25 2017; and

26 (9) for service rendered on or after September 1,
27 2017, the lesser of:

1 (A) 7.7 percent of the member's annual
2 compensation; or

3 (B) a percentage of the member's annual
4 compensation equal to 7.7 percent reduced by one-tenth of one
5 percent for each one-tenth of one percent that the state
6 contribution rate for the fiscal year to which the service relates
7 is less than the state contribution rate established for the 2015
8 fiscal year [subject to Subsection (b)].

9 ~~[(b) Subject to Subsection (c), the board of trustees may by~~
10 ~~order require that the rate of contributions for each member of the~~
11 ~~retirement system under Subsection (a) is increased to not more~~
12 ~~than 6.58 percent of the member's annual compensation for service~~
13 ~~rendered after the date of the order if:~~

14 ~~[(1) the legislature by law requires or authorizes the~~
15 ~~board of trustees to pay a supplemental payment to specified~~
16 ~~annuitants, and~~

17 ~~[(2) the board of trustees finds, as of the time the~~
18 ~~payment is to be made, that after the payment is made the~~
19 ~~amortization period for the unfunded actuarial liabilities of the~~
20 ~~retirement system would exceed 30 years by one or more years.~~

21 ~~[(c) Notwithstanding any other law, the board of trustees~~
22 ~~may not make a supplemental payment required or authorized by the~~
23 ~~legislature by law, and may not impose an increase in the rate of~~
24 ~~contributions under Subsection (b), if the board of trustees finds~~
25 ~~that after making the payment and imposing the increase the~~
26 ~~amortization period for the unfunded actuarial liabilities of the~~
27 ~~retirement system would exceed 30 years by one or more years.~~

1 [~~(d) Notwithstanding any other law, the board of trustees~~
2 ~~may delay making a supplemental payment required or authorized by~~
3 ~~the legislature by law as necessary to make the determinations~~
4 ~~required under Subsections (b) and (c).~~]

5 SECTION 6. Subsection (a), Section 825.403, Government
6 Code, is amended to read as follows:

7 (a) Each payroll period, each employer shall deduct from the
8 compensation of each member employed by the employer the [~~an~~]
9 amount required by Section 825.402 [~~equal to 6.4 percent of the~~
10 ~~member's compensation for that period~~].

11 SECTION 7. Subchapter E, Chapter 825, Government Code, is
12 amended by adding Section 825.4035 to read as follows:

13 Sec. 825.4035. EMPLOYER CONTRIBUTIONS FOR CERTAIN EMPLOYED
14 MEMBERS FOR WHOM THE EMPLOYER IS NOT MAKING CONTRIBUTIONS TO THE
15 FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROGRAM.

16 (a) This section:

17 (1) applies to an employer who reports to the
18 retirement system under Section 825.403 the employment of a member
19 for whom the employer is not making contributions to the federal
20 Old-Age, Survivors, and Disability Insurance program; and

21 (2) does not apply to an employer that is an
22 institution of higher education.

23 (b) Except as provided in Subsection (c), for each member
24 the employer reports to the retirement system and for whom the
25 employer is not making contributions to the federal Old-Age,
26 Survivors, and Disability Insurance program, the employer shall
27 contribute monthly to the retirement system for each such member:

1 (1) for the period beginning with the report month of
2 September 2014 and ending with the report month of August 2015, an
3 amount equal to 1.5 percent of the member's compensation; and

4 (2) beginning with the report month for September
5 2015, an amount equal to the lesser of:

6 (A) 1.5 percent of the member's compensation; or

7 (B) a percentage of the member's compensation
8 equal to 1.5 percent reduced by one-tenth of one percent for each
9 one-tenth of one percent that the state contribution rate for the
10 fiscal year to which the report month relates is less than the state
11 contribution rate established for the 2015 fiscal year.

12 (c) If a member is entitled to the minimum salary for
13 certain school personnel under Section 21.402, Education Code, or
14 if a member would have been entitled to the minimum salary for
15 certain school personnel under former Section 16.056, Education
16 Code, as that section existed on January 1, 1995, the employer
17 shall, in addition to any contributions required under Section
18 825.405, contribute monthly to the retirement system for each such
19 member:

20 (1) for the period beginning with the report month of
21 September 2014 and ending with the report month of August 2015, an
22 amount equal to 1.5 percent of the statutory minimum salary
23 determined under Section 825.405(b); and

24 (2) beginning with the report month for September
25 2015, an amount equal to the lesser of:

26 (A) 1.5 percent of the statutory minimum salary
27 determined under Section 825.405(b); or

1 (B) a percentage of the statutory minimum salary
2 determined under Section 825.405(b) equal to 1.5 percent reduced by
3 one-tenth of one percent for each one-tenth of one percent that the
4 state contribution rate for the fiscal year to which the report
5 month relates is less than the state contribution rate established
6 for the 2015 fiscal year.

7 (d) Contributions under this section:

8 (1) are subject to the requirements of Section
9 825.408; and

10 (2) must be used to fund the normal cost of the
11 retirement system.

12 SECTION 8. Subsection (a), Section 825.404, Government
13 Code, is amended to read as follows:

14 (a) During each fiscal year, the state shall contribute to
15 the retirement system an amount equal to at least six and not more
16 than 10 percent of the aggregate annual compensation of all members
17 of the retirement system during that fiscal year. [~~The amount of~~
18 ~~the state contribution made under this section may not be less than~~
19 ~~the amount contributed by members during that fiscal year in~~
20 ~~accordance with Section 825.402.~~]

21 SECTION 9. Subsection (a), Section 1575.158, Insurance
22 Code, is amended to read as follows:

23 (a) Subject to Section 1575.1581, the [~~The~~] trustee may, in
24 addition to providing a basic plan, contract for and make available
25 an optional group health benefit plan for retirees, dependents,
26 surviving spouses, or surviving dependent children.

27 SECTION 10. Subchapter D, Chapter 1575, Insurance Code, is

1 amended by adding Section 1575.1581 to read as follows:

2 Sec. 1575.1581. LIMITATION ON ENROLLMENT IN OPTIONAL GROUP
3 HEALTH BENEFIT PLAN. (a) A service retiree and any dependent of a
4 service retiree are not eligible to participate in an optional
5 group health benefit plan made available under Section 1575.158,
6 unless the retiree:

7 (1) is at least 62 years of age or older; and

8 (2) meets the definition of retiree under Section
9 1575.004(a)(1).

10 (b) A retiree subject to Subsection (a) may, on the date the
11 retiree reaches 62 years of age, under rules adopted by the trustee:

12 (1) enroll in any coverage tier under the group
13 program; and

14 (2) enroll, in the same coverage tier, the retiree's
15 dependents who are enrolled in the group program as of the date the
16 retiree reaches 62 years of age.

17 SECTION 11. Section 1579.103, Insurance Code, is repealed.

18 SECTION 12. For purposes of determining whether a member
19 has at least five years of service on or before August 31, 2014,
20 under Subsection (a-2), (b-2), or (d-2), Section 824.202,
21 Government Code, as added by this Act, only service actually
22 credited in the Teacher Retirement System of Texas, the Employees
23 Retirement System of Texas, or a retirement system participating in
24 the proportionate retirement program under Chapter 803, Government
25 Code, on or before August 31, 2014, may be counted. Purchased
26 service credit in the retirement system is:

27 (1) not considered actually credited in the retirement

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1 system if the service credit is established only after completion
2 of an installment payment plan under which any installment payment
3 is made after August 31, 2014; and

4 (2) considered actually credited in the retirement
5 system if:

6 (A) payment in full for the purchase of service
7 credit is made by a direct rollover or otherwise on or before August
8 31, 2014; or

9 (B) payment in full by direct rollover or
10 otherwise is made after August 31, 2014, if:

11 (i) the member's request to purchase
12 service credit occurred on or before August 31, 2014; and

13 (ii) payment to purchase the service credit
14 is made in accordance with uniform administrative requirements,
15 including payment deadlines, established by the retirement system.

16 SECTION 13. Section 824.807 and Subsection (b), Section
17 825.307, Government Code, as amended by this Act, apply only to
18 interest accrued on or after the effective date of this Act.
19 Interest accrued before the effective date of this Act is governed
20 by the law in effect on the date the interest accrued, and that law
21 is continued in effect for that purpose.

22 SECTION 14. (a) The change in law made by this Act to
23 Chapter 1575, Insurance Code, does not apply to, and the former law
24 is continued in effect for, a person who takes a service retirement
25 under the Teacher Retirement System of Texas on or after September
26 1, 2014, and who meets one or more of the following requirements on
27 or before August 31, 2014:

1 (1) the sum of the person's age and amount of service
2 credit in the retirement system equals 70 or greater; or

3 (2) the person has at least 25 years of service credit
4 in the retirement system.

5 (b) Only service actually credited in the Teacher
6 Retirement System of Texas or the Employees Retirement System of
7 Texas on or before August 31, 2014, may be used to determine
8 eligibility under this section. Purchased service credit in the
9 retirement system is:

10 (1) not considered actually credited in the retirement
11 system for purposes of this section if the service credit is
12 established only after completion of an installment payment plan
13 under which any installment payment is required to be made after
14 August 31, 2014; and

15 (2) considered actually credited in the retirement
16 system for purposes of this section if:

17 (A) payment in full for the purchase of service
18 credit is made by a direct rollover or otherwise on or before August
19 31, 2014; or

20 (B) payment in full by direct rollover or
21 otherwise is made after August 31, 2014, if:

22 (i) the member's request to purchase
23 service credit occurred on or before August 31, 2014; and

24 (ii) payment to purchase the service credit
25 is made in accordance with uniform administrative requirements,
26 including payment deadlines, established by the retirement system.

27 SECTION 15. (a) Except as provided by Subsection (b) of

1 this section, this Act takes effect September 1, 2014.

2 (b) Section 824.702, Government Code, as added by this Act,
3 Section 825.402, Government Code, as amended by this Act, and the
4 repeal by this Act of Section 1579.103, Insurance Code, take effect
5 September 1, 2013.

David Newkum

President of the Senate

Joe Straus

Speaker of the House

I hereby certify that S.B. No. 1458 passed the Senate on May 8, 2013, by the following vote: Yeas 30, Nays 0; May 21, 2013, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 23, 2013, House granted request of the Senate; May 25, 2013, Senate adopted Conference Committee Report by the following vote: Yeas 30, Nays 0.

Patsy Spaw

Secretary of the Senate

I hereby certify that S.B. No. 1458 passed the House, with amendments, on May 20, 2013, by the following vote: Yeas 146, Nays 0, two present not voting; May 23, 2013, House granted request of the Senate for appointment of Conference Committee; May 26, 2013, House adopted Conference Committee Report by the following vote: Yeas 136, Nays 0, one present not voting.

Robert Hines

Chief Clerk of the House

Approved:

14 JUNE '13

Date

RICK PERRY

Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
10 pm O'CLOCK
JUN 14 2013

[Signature]
Secretary of State