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et al.

H.B. No. 3158

A BILL TO BE ENTITLED

AN ACT

relating to the retirement systems for and the provision of other
benefits to police and fire fighters in certain municipalities;
creating a criminal offense.

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

SECTION 1. Section 1.01, Article 6243a-1, Revised Statutes,
is amended to read as follows:

Sec. 1.01. AMENDMENT, RESTATEMENT, AND CONSOLIDATION. (a)
The purpose of this article is to restate and amend the provisions
of a former law governing the pension funds for police officers and
fire fighters in certain municipalities (Chapter 4, Acts of the
43rd Legislature, 1st Called Session, 1933, also known as Article
6243a) having previously been amended and restated to permit the
consolidation of the terms of certain pension plans created under
Sections 1, 11A, and 11B of that Act for the purpose of simply and
accurately reflecting the joint administration of the plans.

(b) ~~[The provisions of this article are entirely consistent
with all terms and conditions relating to benefits and benefit
entitlement previously contained in the plans.]~~ This article does
not ~~[intend to]~~ take away or reduce any accrued benefit contained in
the plans created under former Article 6243a or under this article
as it existed on or before August 31, 2017.

SECTION 2. Section 2.01, Article 6243a-1, Revised Statutes,
is amended to read as follows:

1 Sec. 2.01. DEFINITIONS. In this article:

2 (1) "415 compensation" means a member's wages, salary,
3 and other amounts received for personal services rendered in the
4 course of employment with the city during a limitation year and
5 permitted to be treated as compensation for purposes of Section
6 415(c) of the code, including differential wage payments described
7 in Section 414(u)(12) of the code. The term does not include
8 amounts picked up under Section 4.03(i) of this article.

9 (2) "Active service" means any period that a member
10 receives compensation as a police officer or fire fighter from
11 either department for services rendered.

12 (3) [~~(2)~~] "Actuarial equivalent" means a form of
13 benefit differing in time, duration, or manner of payment from a
14 standard benefit payable under this article but having the same
15 value when computed using the assumptions set forth in this
16 article.

17 ~~[(3) "Administrator" means the person designated by~~
18 ~~the board to supervise the affairs of the pension system.]~~

19 (4) "Alternate payee" has the meaning given the term
20 by Section 414(p) [~~414~~] of the code or any successor provision.

21 (5) "Alternative investment" means an investment in an
22 asset other than a traditional asset. The term includes an
23 investment in private equity funds, private real estate
24 transactions, hedge funds, and infrastructure.

25 (6) [~~(5)~~] "Annual additions" means the sum of the
26 following amounts credited to a member's account under any defined
27 contribution plan maintained by the city for the limitation year:

- 1 (A) city contributions;
- 2 (B) member contributions, other than rollover
3 contributions from a plan maintained by any employer other than the
4 city;
- 5 (C) forfeitures; and
- 6 (D) amounts allocated after March 31, 1984, to an
7 individual medical benefit account, as defined in Section 415(1)(2)
8 [~~415(1)(2)~~] of the code, that is part of a pension or annuity plan
9 maintained by the city.

10 [~~The term does not include amounts described in Paragraph (D)~~
11 ~~of this subdivision for the purpose of computing the percentage~~
12 ~~limitation described in Section 415(c)(1)(B) of the code.] For any
13 limitation year beginning before January 1, 1987, only that portion
14 of member contributions equal to the lesser of member contributions
15 in excess of six percent of 415 compensation or one-half of member
16 contributions to the combined pension plan or any qualified defined
17 contribution plan maintained by the city is treated as annual
18 additions.~~

19 (7) [~~(6)~~] "Annual benefit" means the aggregate
20 benefit attributable to city and member contributions payable
21 annually under the combined pension plan, or any plan maintained by
22 the city, exclusive of any benefit not required to be considered for
23 purposes of applying the limitations of Section 415 of the code to
24 the combined pension plan, payable in the form of a straight life
25 annuity beginning at age 62 with no ancillary benefits. Solely for
26 purposes of computing the limitations under the combined pension
27 plan, benefits actually payable to a pensioner are adjusted to the

1 actuarial equivalent of a straight life annuity pursuant to Section
2 415(b) [8.01] of the code [this article] even though no member may
3 actually receive a benefit in the form of a straight life annuity.

4 (8) [(7)] "Article 6243a" means Chapter 4, Acts of the
5 43rd Legislature, 1st Called Session, 1933 (former Article 6243a,
6 Vernon's Texas Civil Statutes), pertaining to a pension system for
7 police officers, fire fighters, and fire alarm operators in certain
8 cities.

9 (9) [(8)] "Assignment pay" means monthly pay, in
10 addition to salary, granted to a Group B member and authorized by
11 the city council for the performance of certain enumerated duty
12 assignments.

13 (10) [(9)] "Base pay" means the maximum monthly civil
14 service pay from time to time established by the city for a person
15 who holds the rank of "police officer" in the city's police
16 department or the rank of "fire and rescue officer" in the city's
17 fire department [a police officer or fire fighter], exclusive of
18 any other form of compensation. The term does not include
19 compensation paid by the city to a person for prior periods of
20 service or compensation that otherwise constitutes back pay unless
21 the compensation is eligible back pay. The board may adopt rules
22 and procedures necessary to include eligible back pay as base pay
23 for purposes of this definition, including rules regarding how
24 increases in benefits will be determined and administered.

25 (11) [(10)] "Base pension" means the amount of
26 retirement, death, or disability benefits as determined [computed
27 under this article] at the earliest of the time a Group B member

1 and, solely for the purposes of Section 6.12 of this article, a
2 Group A member:

- 3 (A) begins participation in DROP;
4 (B) leaves or left active service;
5 (C) [~~leaves active service,~~] dies; [~~7~~] or
6 (D) becomes entitled to a disability pension
7 under the combined pension plan [~~disabled~~].

8 Solely for purposes of this definition, when a member becomes
9 entitled to a disability pension, the base pension shall be
10 determined as of the date on which the disability pension begins.

11 (12) [~~(11)~~] "Board" means the board of trustees
12 created under Section 3.01 of this article for the purpose of
13 administering the pension system.

14 (13) [~~(12)~~] "Child" means a [~~an unmarried~~] person
15 [~~under the age of 19~~] whose [~~natural or adoptive~~] parent, as
16 recognized under the laws of this state, is a primary party.

17 (14) [~~(13)~~] "City" means each municipality having a
18 population of more than 1.18 million and located predominantly in a
19 county that has a total area of less than 1,000 square miles.

20 (15) "City attorney" means the chief legal officer of
21 a city.

22 (16) [~~(14)~~] "City council" means the governing body of
23 the city.

24 (17) "City manager" means the city manager of a city or
25 the city manager's designee and includes, to the extent of any
26 designation, an interim or acting city manager, chief financial
27 officer, budget director, or assistant city manager. If a city does

1 not have an individual serving in a position otherwise described by
2 this subdivision, "city manager" means the mayor of that city.

3 (18) [~~(15)~~] "City service incentive pay" means annual
4 incentive pay, adjusted by the city from time to time, in addition
5 to the salary of a member granted to the member under the authority
6 of the city charter and received by the member during active
7 service.

8 (19) [~~(16)~~] "Code" means the United States Internal
9 Revenue Code of 1986, as amended.

10 (20) [~~(17)~~] "Combined pension plan" means any pension
11 plan created pursuant to this article before September 1, 2017.

12 (21) [~~(18)~~] "Computation pay" shall be used in
13 determining the amount of the city's contribution under Section
14 4.02(d) of this article and a Group B member's contribution under
15 Section 4.03(d) of this article and in determining the base pension
16 [~~of any benefits~~] to be paid to a Group B member or the benefits to
17 be paid to the member's qualified survivors and means the sum of the
18 following:

19 (A) the biweekly [~~monthly~~] rate of pay of a
20 [~~Group B~~] member for the highest civil service rank the person
21 holds, from time to time, as a result of a competitive examination;
22 plus

23 (B) the [~~monthly rate of pay of a Group B member~~
24 ~~as~~] educational incentive pay of a member, computed on a biweekly
25 basis; plus

26 (C) the longevity [~~monthly rate of~~] pay of a
27 [~~Group B~~] member [~~as longevity pay~~], as authorized by the

1 legislature, computed on a biweekly basis; plus

2 (D) the city service incentive pay, computed on a
3 biweekly [~~monthly~~] basis, of a [~~Group B~~] member.

4 The term includes only amounts actually paid in salary or
5 payments made instead of salary to the member and member
6 contributions picked up by the city, and does not include any
7 imputed pay. Furthermore, any [~~Any~~] compensation received by a
8 [~~Group B~~] member, other than that noted in Paragraphs (A)-(D) of
9 this subdivision (for example, compensation for overtime work,
10 certification pay, and the [~~monthly rate of~~] pay a member would
11 receive from the city in the form of assignment pay), will not be
12 considered in determining the computation pay of a [~~Group B~~]
13 member. Any lump-sum payments for compensatory time, unused sick
14 leave, unused vacation time, or city service incentive pay payable
15 after a [~~Group B~~] member leaves active service, dies [~~death~~],
16 becomes disabled [~~disability~~], or resigns [~~resignation~~], or after
17 any other type of termination may not be considered in determining
18 the computation pay of any [~~Group B~~] member. Computation pay for a
19 [~~Group B~~] member for any given period [~~month~~] is determined on the
20 biweekly [~~monthly~~] rates of pay due the [~~Group B~~] member for the
21 entire period [~~month~~]. The term does not include compensation paid
22 by the city to a person for prior periods of service or compensation
23 that otherwise constitutes back pay unless the compensation is
24 eligible back pay. The board may adopt rules and procedures
25 necessary to include eligible back pay as computation pay for
26 purposes of this definition, including rules regarding how
27 increases in benefits will be determined and administered. [~~If a~~

1 ~~Group B member works less than the member's assigned schedule for~~
2 ~~any given month, the computation pay for the Group B member shall be~~
3 ~~prorated for the portion of the month that the Group B member~~
4 ~~worked.~~

5 ~~[(19) "Educational incentive pay" means incentive pay~~
6 ~~designed to reward completion of certain hours of college credit,~~
7 ~~adjusted by the city from time to time, that is paid to a member in~~
8 ~~addition to the member's salary.]~~

9 (22) ~~[(20)]~~ "Department" means either the police
10 department of the city, the fire department of the city, or both the
11 police and fire departments of the city together.

12 (23) ~~[(21)]~~ "Dependent parent" means a natural parent
13 or parent who adopted a primary party and who immediately before the
14 death of a primary party received over half of the parent's
15 financial support from the primary party.

16 (24) ~~[(22)]~~ "Disability retirement" means any period
17 that a pensioner receives periodic disability compensation or a
18 disability pension.

19 (25) "DROP" means the deferred retirement option plan
20 established in accordance with Section 6.14 of this article.

21 (26) "Educational incentive pay" means incentive pay
22 designed to reward completion of certain hours of college credit,
23 adjusted by the city from time to time, that is paid to a member in
24 addition to the member's salary.

25 (27) "Eligible back pay," except as otherwise provided
26 by this definition, means additional compensation paid by the city
27 to a member or pensioner:

1 (A) that constitutes back pay to the member's or
2 pensioner's prior period of service and is otherwise considered
3 taxable wages paid by the city to the member or pensioner for
4 federal income tax purposes; and

5 (B) for which the pension system receives:

6 (i) an amount equal to the aggregate member
7 and city contributions that the pension system would have collected
8 with respect to the compensation for all time periods relating to
9 the back pay compensation; and

10 (ii) interest, calculated using the pension
11 system's actuarial rate of return assumptions in effect for the
12 periods relating to the back pay, compounded annually, on the
13 contribution amounts for the period from the date that the
14 contributions would have been received if the back pay compensation
15 had been paid during the relevant periods of prior service through
16 the date the amount relating to the contributions for back pay is
17 actually received by the pension system.

18 The term does not include any additional compensation paid by
19 the city to a member or pensioner wholly or partly or directly or
20 indirectly as the result of litigation instituted to recover back
21 pay.

22 The pension system is not obligated to collect the additional
23 contributions or interest described in Paragraph (B) of this
24 subdivision from the member, pensioner, or city. The pension system
25 may not recognize back pay as eligible back pay until the
26 contributions and interest described in Paragraph (B) of this
27 subdivision have been received.

1 (28) "Executive director" means the person designated
2 by the board to supervise the operation of the pension system.

3 ~~(29) [(23) "415 compensation" means a member's wages,~~
4 ~~salary, and other amounts received for personal services rendered~~
5 ~~in the course of employment with the city during a limitation year,~~
6 ~~but does not include:~~

7 ~~[(A) contributions made by the city to a plan of~~
8 ~~deferred compensation, or a simplified employee pension plan, to~~
9 ~~the extent such contributions are excludable from the member's~~
10 ~~gross income,~~

11 ~~[(B) any distributions from a plan of deferred~~
12 ~~compensation, or a simplified employee pension plan, to the extent~~
13 ~~the distributions are excludable from the member's gross income,~~

14 ~~[(C) other amounts that received special tax~~
15 ~~benefits, such as premiums for group term life insurance, to the~~
16 ~~extent that the premiums are not includable in the gross income of~~
17 ~~the member, or contributions made by the city, including~~
18 ~~contributions toward the purchase of an annuity described by~~
19 ~~Section 403(b) of the code, whether or not contributed pursuant to a~~
20 ~~salary reduction agreement and whether or not the amounts are~~
21 ~~actually excludable from the gross income of the member, and~~

22 ~~[(D) for any limitation year beginning after~~
23 ~~December 31, 1988, compensation in excess of \$200,000, adjusted in~~
24 ~~a manner permitted under Section 415(d) of the code.~~

25 ~~[(24)] "Fund" means all funds and property held to~~
26 provide benefits to ~~[for the benefit of]~~ all persons who are or who
27 may become entitled to any benefits under any plan within the

1 pension system, together with all income, profits, or other
2 increments.

3 (30) [~~(25)~~] "Group A member" means any police officer
4 or fire fighter included in Group A membership under [~~described by~~]
5 Section 5.01(a)(1) of this article.

6 (31) [~~(26)~~] "Group B member" means any police officer
7 or fire fighter included in Group B membership under [~~described by~~]
8 Section 5.01(a)(2) of this article.

9 (32) [~~(27)~~] "Health director" means any qualified
10 physician designated from time to time by the board.

11 (33) [~~(28)~~] "Limitation year" means the plan year of
12 the combined pension plan and any defined benefit plan or defined
13 contribution plan of the city in which a member participates.

14 (34) [~~(29)~~] "Longevity pay" means pay in addition to
15 the salary of a member granted under Section [141.032](#), Local
16 Government Code, for each year of active service completed by a
17 member in either department.

18 (35) [~~(30)~~] "Member" means both Group A and Group B
19 members.

20 (36) [~~(31)~~] "Member's account" means an account
21 established and maintained for a member with respect to the
22 member's total interest in one or more defined contribution plans
23 under this article or maintained by the city resulting in annual
24 additions.

25 (37) "Nominations committee" means the nominations
26 committee established under Section 3.011 of this article.

27 (38) [~~(32)~~] "Old plan" means any pension plan created

1 pursuant to Section 1 of Article 6243a.

2 (39) [~~(33)~~] "Pensioner," "Group A pensioner," or
3 "Group B pensioner" means a former member of the pension system who
4 is on either a service or disability retirement.

5 (40) [~~(34)~~] "Pension service" means the time, in
6 years, and prorated for fractional years, that a member has
7 contributed to the fund under the terms of the combined pension plan
8 or any plan within the pension system, reduced to reflect refunds
9 that have been received and not fully repaid.

10 (41) [~~(35)~~] "Pension system" means the fund and any
11 plans created pursuant to this article or Article 6243a and that are
12 intended to be qualified under Section 401(a) of the code.

13 (42) [~~(36)~~] "Plan A" means any plan created pursuant
14 to Section 11A of Article 6243a.

15 (43) [~~(37)~~] "Plan B" means any plan created pursuant
16 to Section 11B of Article 6243a.

17 (44) [~~(38)~~] "Police officer" or "fire fighter" means,
18 as appropriate, a police officer, fire fighter, fire and rescue
19 officer, fire alarm operator, fire inspector, apprentice police
20 officer, apprentice fire fighter, or similar employee of either
21 department as defined in the classifications of the human resources
22 [~~personnel~~] department of the city.

23 (45) [~~(39)~~] "Primary party," "Group B primary party,"
24 or "Group A primary party" means a member [~~, former member,~~] or
25 pensioner.

26 (46) [~~(40)~~] "Qualified actuary" means either:

27 (A) an individual who is a Fellow of the Society

1 of Actuaries, a Fellow of the Conference of Consulting Actuaries
2 [~~in Public Practice~~], or a member of the American Academy of
3 Actuaries; or

4 (B) a firm that employs one or more persons who
5 are Fellows of the Society of Actuaries, Fellows of the Conference
6 of Consulting Actuaries [~~in Public Practice~~], or members of the
7 American Academy of Actuaries and are providing services to the
8 pension system.

9 (47) [~~(41)~~] "Qualified domestic relations order" has
10 the meaning provided by Section 414(p) [~~414~~] of the code.

11 (48) [~~(42)~~] "Qualified survivor" means a person who is
12 eligible to receive death [~~survivor~~] benefits after the death of a
13 primary party and includes only:

14 (A) a surviving spouse, if the spouse was
15 continuously married to the primary party from [~~both at~~] the date
16 when the primary party either voluntarily or involuntarily left
17 active service as a member through [~~and at~~] the date of the primary
18 party's death;

19 (B) all surviving, unmarried[, ~~legitimate, and~~
20 ~~legally adopted~~] children who are either under 19 years of age or
21 have a disability, as determined by the board under Section
22 6.06(o-2) of this article, and who were:

23 (i) born or adopted before the primary
24 party [~~as a member~~] either voluntarily or involuntarily left active
25 service; or

26 (ii) [~~who were~~] born after the primary party
27 [~~a member~~] left active service if the mother was pregnant with the

1 child before the primary party [~~member~~] left active service; and

2 (C) a surviving dependent parent of a primary
3 party if the primary party is not survived by a spouse or child
4 eligible for benefits.

5 (49) [~~(43)~~] "Service retirement" means any period
6 that a pensioner receives a retirement pension but does not include
7 any period of disability retirement.

8 (50) [~~(44)~~] "Spouse" means the person to whom [~~husband~~
9 ~~or wife of~~] a primary party is legally married [~~recognized~~] under
10 the laws of this state or any other state.

11 (51) "Traditional asset" includes stocks, bonds, and
12 cash [~~(45) "Total wages and salaries" means all pay received by a~~
13 ~~member of any plan within the pension system from the city,~~
14 ~~excluding any lump-sum payments for unused sick time or unused~~
15 ~~vacation time accrued by any member and payable as the result of the~~
16 ~~member's death, disability, resignation, or any other reason for~~
17 ~~leaving active service~~].

18 (52) [~~(46)~~] "Trustee" means a member of the board.

19 SECTION 3. Sections 2.02(a) and (b), Article 6243a-1,
20 Revised Statutes, are amended to read as follows:

21 (a) If the amount of any benefit or contribution is to be
22 determined on the basis of actuarial assumptions that are not
23 otherwise specifically set forth for that purpose in this article,
24 the actuarial assumptions to be used are those earnings and
25 mortality assumptions being used on the date of the determination
26 by the pension system's qualified actuary and approved by the
27 board.

1 (b) The actuarial assumptions being used at any particular
2 time shall be attached by the executive director [~~administrator~~] as
3 an addendum to this article and treated for all purposes as a part
4 of any plan created by this article. The executive director shall
5 promptly update any addendum to conform to any changed actuarial
6 assumptions approved by the board.

7 SECTION 4. Part 2, Article 6243a-1, Revised Statutes, is
8 amended by adding Section 2.03 to read as follows:

9 Sec. 2.03. REFERENCES TO CERTAIN LAW. A reference to a
10 statute made in this article includes a reference to any
11 regulation, rule, order, or notice made by a governmental entity
12 with the authority under law to adopt the regulation, rule, order,
13 or notice, and on which the governmental entity intends persons to
14 rely, as appropriate.

15 SECTION 5. Section 3.01, Article 6243a-1, Revised Statutes,
16 is amended by amending Subsections (a), (b), (d), (e), (f), (h),
17 (i), (j), (n), and (o) and adding Subsections (b-1), (b-2), (b-3),
18 (b-4), (d-1), (j-1), (j-2), (j-3), (j-4), (j-5), (j-6), (j-7),
19 (j-8), (j-9), (j-10), (p), (q), (r), and (s) to read as follows:

20 (a) The pension system shall be administered by the board.
21 The board shall execute its fiduciary duty to hold and administer
22 the assets of the fund for the exclusive benefit of members and
23 their beneficiaries under Section 802.203, Government Code,
24 Section 67(f), Article XVI, Texas Constitution, and any other
25 applicable law, in a manner that ensures the sustainability of the
26 pension system for purposes of providing current and future
27 benefits to members and their beneficiaries.

1 (b) Subject to Subsections (b-1) and (b-2), the [The] board
2 consists of 11 [seven] trustees who shall be selected and shall
3 serve as follows:

4 (1) five trustees appointed by the mayor;

5 (2) three trustees appointed by the nominations
6 committee;

7 (3) one trustee appointed jointly by the city manager
8 and the nominations committee;

9 (4) subject to Subsection (b-3) of this section, one
10 trustee who is a current or former police officer of the city
11 nominated and elected by members of the pension system under rules
12 adopted by the board; and

13 (5) subject to Subsection (b-3) of this section, one
14 trustee who is a current or former fire fighter of the city
15 nominated and elected by members of the pension system under rules
16 adopted by the board.

17 **(b-1) To be appointed or elected a trustee under this**
18 **section, a person:**

19 (1) must have demonstrated financial, accounting,
20 business, investment, budgeting, real estate, or actuarial
21 expertise; and

22 (2) may not be an elected official of the city.

23 **(b-2) To be appointed a trustee under Subsection (b)(1),**
24 **(2), or (3) of this section a person may not be an active member or**
25 **pensioner.**

26 **(b-3) If the board determines that it is not possible to**
27 **nominate or elect a trustee under Subsection (b)(4) or (5) of this**

1 section who meets the requirements of Subsection (b-1) of this
2 section, the board shall notify the nominations committee and the
3 nominations committee shall appoint a trustee who meets the
4 requirements of Subsection (b-1) of this section to represent the
5 interests of police officers or fire fighters, as appropriate, of
6 the city on the board. An appointment under this subsection may be
7 made without regard to whether the trustee is qualified under
8 Subsection (b)(4) or (5), as applicable, of this section.

9 (b-4) A trustee is not required to reside in a particular
10 city or county of this state. [The city council shall name from
11 among its members three council members who shall serve as trustees
12 of the board. The council member trustees shall be named as soon as
13 possible after the first Monday in May of each odd-numbered year and
14 shall serve for the term of office to which they were elected as
15 council members. If there is a vacancy in any of the council member
16 trustees' seats on the board, the city council shall name another
17 council member to serve out the remainder of the unexpired term.

18 [(2) The police and fire department members of the
19 pension plans within the pension system shall separately, by
20 department and not by plan, elect from among their respective
21 memberships two active police officer and two active fire fighter
22 members. On their election, each of the trustees under this
23 subdivision shall execute a written affirmation of the person's
24 undertaking to faithfully perform duties to the pension system.
25 The police and fire department trustees shall serve terms of four
26 years each, the terms being staggered so that one term, but not both
27 from the same department, shall expire on June 1 of each

1 ~~odd-numbered year. If a vacancy occurs among the police and fire~~
2 ~~department trustees, the vacancy shall be filled in accordance with~~
3 ~~the provisions of Subsection (d) of this section. The police and~~
4 ~~fire department trustees will continue to serve beyond the~~
5 ~~expiration of their terms, if their successors have not been~~
6 ~~elected and affirmed in writing their undertaking to faithfully~~
7 ~~perform their duties to the pension system, until their successors~~
8 ~~are elected and have affirmed in writing their undertaking to~~
9 ~~faithfully perform their duties to the pension system.]~~

10 (d) A [If a] vacancy on the board in a trustee position under
11 Subsection (b)(1), (2), or (3) of this section shall be filled in
12 the same manner as the original appointment. The board by rule
13 shall determine the manner by which a vacancy in a trustee position
14 under Subsection (b)(4) or (5) of this section is filled ~~[occurs~~
15 ~~among the police or fire department alternate trustees, for reasons~~
16 ~~other than the failure to elect a successor alternate trustee or the~~
17 ~~occurrence of a vacancy among the regular trustees of either~~
18 ~~department, the board shall appoint a new alternate trustee~~
19 ~~representing the department from which the vacancy occurs to serve~~
20 ~~as the alternate trustee for the remainder of the alternate~~
21 ~~trustee's term]. [A candidate is not eligible for election to an~~
22 ~~alternate trustee position and to a regular trustee position during~~
23 ~~the same election.]~~

24 (d-1) The city manager and the nominations committee shall
25 jointly appoint a trustee to fill a vacancy under Subsection (b)(3)
26 of this section not later than the 60th day after the date of the
27 vacancy.

1 (e) The mayor shall determine whether all trustees
2 appointed under Subsection (b)(1) of this section hold office for
3 staggered two-year terms or staggered three-year terms. The
4 nominations committee shall determine whether all trustees
5 appointed or elected under Subsection (b)(2), (3), (4), or (5) of
6 this section hold office for staggered two-year terms or staggered
7 three-year terms. An appointed trustee may not serve for more than
8 six consecutive years on the board [~~If a vacancy occurs among the~~
9 ~~police or fire department regular trustees, the alternate trustee~~
10 ~~representing the department from which the vacancy occurs shall~~
11 ~~serve as the regular trustee for the remainder of the unexpired~~
12 ~~regular trustee's term]. [~~Thereafter, the board shall appoint a~~
13 ~~new alternate trustee from the same department to serve for a period~~
14 ~~ending on the earlier of the expiration of the regular trustee's~~
15 ~~term or the original alternate trustee's term. If the original~~
16 ~~alternate trustee's term has not expired after serving in place of~~
17 ~~the regular trustee, then that person shall serve out the remainder~~
18 ~~of the unexpired term. After a new regular trustee has been~~
19 ~~elected, the original alternate trustee shall return to serve as an~~
20 ~~alternate trustee until the regular trustee's term has expired.~~
21 ~~However, if the original alternate trustee, while an alternate~~
22 ~~trustee, is elected to a full term as a regular trustee before the~~
23 ~~expiration of the term as an alternate trustee, the term of the new~~
24 ~~alternate trustee extends until the expiration of the original~~
25 ~~alternate trustee's term.]~~~~

26 (f) The nomination and election of the trustees under
27 Subsection (b)(4) or (5) of this section [~~representing the police~~

1 ~~and fire departments]~~ shall be held under the supervision of the
2 board, and the board shall adopt such rules [~~and regulations]~~
3 governing the election procedure as it considers appropriate, as
4 long as the rules [~~and regulations]~~ are consistent with generally
5 accepted principles of secret ballot and majority rule. The rules
6 [~~and regulations]~~ adopted by the board shall be recorded in the
7 minutes of the board and made available to the members of any
8 pension plan within the pension system.

9 (h) The executive director [~~administrator~~], or in the
10 executive director's [~~administrator's~~] absence a member of the
11 administrative staff designated by the board, shall serve as the
12 secretary of the board.

13 (i) The board shall serve without separate compensation
14 from the fund, but a trustee is entitled to reimbursement for travel
15 expenses and, if applicable, [with entitlement] to any appropriate
16 compensation from the city as if the trustee [~~board members~~] were
17 performing the trustee's [~~their~~] regular functions for the police
18 or fire department or for the city. The board shall meet not less
19 than once each month and may meet at any time on the call of its
20 chairman.

21 (j) The board has full power to make rules [~~and regulations]~~
22 pertaining to the conduct of its meetings and to the operation of
23 the pension system as long as its rules are not, subject to
24 Subsections (j-1) and (j-2) of this section, inconsistent with the
25 terms of this article, any pension plan within the pension system,
26 or the laws of this state or the United States to the extent
27 applicable. A board meeting may be held by telephone conference

1 call or by videoconference call in accordance with Sections 551.125
2 and 551.127, Government Code, except that Section 551.125(b),
3 Government Code, does not apply.

4 (j-1) The board may adopt a rule that conflicts with this
5 article:

6 (1) to ensure compliance with the code, including
7 Section 415 of the code, and other applicable federal law;

8 (2) subject to Subsections (j-5) through (j-8) of this
9 section, to amortize the unfunded actuarial accrued liability of
10 the pension system within a period that does not exceed 35 years, if
11 the board determines the rule is appropriate based on the
12 evaluations required under Subsection (j-5) of this section; or

13 (3) subject to Subsections (j-6) and (j-7) of this
14 section and notwithstanding any other law, to increase the benefits
15 provided under this article in any manner the board determines
16 appropriate if the increase will not cause the amortization period
17 of the unfunded actuarial accrued liability of the pension system
18 to exceed 25 years, after taking into account the impact of the
19 increase.

20 (j-2) Except as provided by Subsection (j-1) of this section
21 or Section 4.02(b) of this article, a provision of any plan provided
22 by the pension system may only be amended if approved by the board.
23 An amendment described by this subsection:

24 (1) may not cause the amortization period of the
25 unfunded actuarial accrued liability of the pension system to
26 exceed 35 years, after taking into account the impact of the
27 amendment, as determined by the board and reviewed by the State

1 Pension Review Board; and

2 (2) is not required to be ratified by the legislature.

3 (j-3) The board may correct any defect, supply any omission,
4 and reconcile any inconsistency that may appear in this article in a
5 manner and to the extent that the board believes would:

6 (1) be expedient for the administration of the pension
7 system;

8 (2) be for the greatest benefit of all members,
9 pensioners, and qualified survivors; and

10 (3) not adversely affect the benefits of a member,
11 pensioner, or qualified survivor.

12 (j-4) The board has full discretion and authority to
13 construe and interpret the combined pension plan and to do all acts
14 necessary to carry out the purpose of the combined pension plan. A
15 decision of the board is final and binding on all affected parties.

16 (j-5) Not later than January 1, 2018, the board shall
17 conduct an evaluation of:

18 (1) how benefits are computed under this article to
19 identify potential means of abusing the computation of benefits to
20 inflate pension benefits received by pensioners; and

21 (2) the impact, including the impact on the combined
22 pension plan, of establishing one or more alternative benefit
23 plans, including a defined contribution plan or a hybrid retirement
24 plan that combines elements of both a defined benefit plan and a
25 defined contribution plan, for newly hired employees of the city
26 and for members who voluntarily elect to transfer to an alternative
27 benefit plan.

1 (j-6) The board may not adopt a rule under Subsection
2 (j-1)(2) or (3) of this section unless the rule has first been
3 reviewed by the State Pension Review Board and the State Pension
4 Review Board finds that implementation of a rule under:

5 (1) Subsection (j-1)(2) of this section complies with
6 the amortization period prescribed by that subdivision and
7 Subsection (j-8) of this section; or

8 (2) Subsection (j-1)(3) of this section complies with
9 the amortization period prescribed by that subdivision.

10 (j-7) The board shall provide the State Pension Review Board
11 with a copy of a proposed rule for purposes of Subsection (j-6) of
12 this section at least 90 days before the date the board intends to
13 implement the rule.

14 (j-8) The board may not adopt a rule under Subsection
15 (j-1)(2) of this section based on an evaluation under Subsection
16 (j-5)(2) of this section if the board determines implementation of
17 the rule would cause the amortization period of the unfunded
18 actuarial accrued liability of the combined pension plan or any
19 plan established under this article by the pension system to exceed
20 35 years, after taking into account implementation of the rule.

21 (j-9) At least twice each year, the board shall have a
22 meeting to receive public input regarding the pension system and to
23 inform the public about the health and performance of the pension
24 system. The State Pension Review Board is entitled to all documents
25 and other information provided to the public or that are the basis
26 for information provided to the public, as determined by the State
27 Pension Review Board, for purposes of this subsection and shall

1 independently review the information to ensure its validity.

2 (j-10) An employee or other agent acting on behalf of the
3 pension system commits an offense if the person knowingly provides
4 false information to the State Pension Review Board under
5 Subsection (j-9) of this section. An offense under this subsection
6 is a Class B misdemeanor.

7 (n) Six [Four] trustees of the board constitute a quorum at
8 any [called] meeting[, except that a trustee from the police
9 department and a trustee from the fire department must be present to
10 conduct business].

11 (o) No action may be taken by the board except at a meeting.
12 Except as provided by Section 4.071 of this article, or as otherwise
13 specifically provided by law, [and] no action shall be taken during
14 a board meeting without the approval of a majority of the trustees
15 of the board [present]. Only actions of the board taken or approved
16 of during a meeting are binding on the board, and no other written
17 or oral statement or representation made by any person is binding on
18 the board or the pension system.

19 (p) The board may file suit on behalf of the pension system
20 in a court of competent jurisdiction regardless of the court's
21 location. The board has sole authority to litigate matters on
22 behalf of the pension system. Notwithstanding Chapter 15, Civil
23 Practice and Remedies Code, or any other law, an action against the
24 pension system or the board shall be brought in a court of competent
25 jurisdiction located in the city or county in which the pension
26 system is located.

27 (q) The board may purchase from one or more insurers one or

1 more insurance policies that provide for the reimbursement of a
2 trustee or employee of the pension system for liability imposed as
3 damages caused by, and for costs and expenses incurred by the
4 individual in defense of, an alleged act, error, or omission
5 committed by the individual in the individual's capacity as a
6 fiduciary or employee of the pension system. The board may not
7 purchase an insurance policy that provides for the reimbursement of
8 a trustee or employee of the pension system due to the trustee's or
9 employee's dishonesty, fraudulent breach of trust, lack of good
10 faith, intentional fraud or deception, or intentional failure to
11 act prudently.

12 (r) The board shall adopt a code or codes of ethics
13 consistent with Section 825.212, Government Code. In adopting or
14 amending a code or codes of ethics, the board may consider comments
15 on the policy from the city attorney of the city. The board shall:

16 (1) review the code or codes of ethics on an annual
17 basis and amend the code or codes as the board considers necessary;

18 (2) file a copy of the code or codes of ethics adopted
19 or amended in accordance with this subsection with the State
20 Pension Review Board; and

21 (3) provide a copy of the code or codes of ethics
22 adopted or amended in accordance with this subsection to the city
23 attorney.

24 (s) The board shall develop an Internet website designed to
25 give active members and pensioners access to the information
26 concerning the pension system and the individual's participation in
27 the pension system required by Section 802.106, Government Code, as

1 well as information concerning the financial health of the pension
2 system.

3 SECTION 6. Part 3, Article 6243a-1, Revised Statutes, is
4 amended by adding Sections 3.011, 3.012, and 3.013 to read as
5 follows:

6 Sec. 3.011. NOMINATIONS COMMITTEE. (a) Subject to
7 Subsection (b) of this section, the nominations committee consists
8 of:

9 (1) the executive director, who is a nonvoting member;
10 (2) the president, chair, or other executive head of
11 the following organizations or their successor organizations, or
12 that person's designee:

13 (A) the Dallas Black Firefighters Association;

14 (B) the Black Police Association of Greater
15 Dallas;

16 (C) the National Latino Law Enforcement
17 Organization;

18 (D) the Dallas Fraternal Order Police Lodge 588;

19 (E) the Dallas Police Association;

20 (F) the Dallas Fire Fighters Association,
21 International Association of Fire Fighters Local No. 58; and

22 (G) the Dallas Hispanic Firefighters
23 Association, Inc.;

24 (3) a pensioner who is:

25 (A) a former police officer of the city;

26 (B) appointed by the president, chair, or other
27 executive head of the Dallas Police Retired Officers Association;

1 and

2 (C) a member of the Dallas Police Retired
3 Officers Association; and

4 (4) a pensioner who is:

5 (A) a former fire fighter of the city;

6 (B) jointly appointed by the president, chair, or
7 other executive head of the following organizations:

8 (i) the Dallas Retired Firefighters
9 Association;

10 (ii) the Retired Black Firefighters
11 Association of Dallas; and

12 (iii) the Dallas Hispanic Retired Fire
13 Fighters Association; and

14 (C) a member of an organization described by
15 Paragraph (B) of this subdivision.

16 (b) If an organization described by Subsection (a)(2) of
17 this section elects not to participate on the nominations
18 committee, is prohibited from participating on the nominations
19 committee under Subsection (h) of this section, or ceases to exist,
20 the nominations committee members appointed under that subsection
21 consist only of representatives of the remaining organizations, if
22 any.

23 (c) A vacancy on the nominations committee in a position
24 under Subsection (a)(3) or (4) of this section shall be filled not
25 later than the 30th day after the date of the vacancy. If a vacancy
26 is not filled within the time prescribed by this subsection, the
27 position on the nominations committee is eliminated.

1 (d) The executive director shall serve as presiding officer
2 of the nominations committee.

3 (e) The nominations committee shall meet at the call of the
4 presiding officer.

5 (f) The nominations committee shall appoint trustees to the
6 board in accordance with Sections 3.01(b)(2), (b)(3), and (b-3) of
7 this article.

8 (g) Persons serving on the nominations committee under
9 Subsection (a)(2), (3), or (4) of this section serve without
10 compensation and may not be reimbursed for travel or other expenses
11 incurred while conducting the business of the nominations
12 committee. The executive director may not receive additional
13 compensation for service on the nominations committee.

14 (h) An organization described by Subsection (a)(2), (3), or
15 (4) of this section may not participate on or make appointments to
16 the nominations committee unless the organization is in good
17 standing with the secretary of state, if applicable.

18 (i) Chapter 2110, Government Code, does not apply to the
19 nominations committee.

20 (j) The nominations committee may establish policies and
21 procedures governing its operations.

22 Sec. 3.012. REMOVAL OF TRUSTEES. (a) In accordance with
23 procedures adopted by board rule, a trustee:

24 (1) appointed under Section 3.01(b)(1) of this article
25 may be removed by the mayor for cause;

26 (2) appointed or elected under Section 3.01(b)(2),
27 (4), or (5) of this article may be removed by the nominations

1 committee for cause; and

2 (3) appointed under Section 3.01(b)(3) of this article
3 may be removed jointly by the city manager and the nominations
4 committee for cause.

5 (b) It is a cause for removal of a trustee from the board
6 that the trustee:

7 (1) does not have at the time of taking office the
8 qualifications required by Section 3.01(b) or (b-1)(1) of this
9 article, subject to Subsection (b-3) of that section;

10 (2) does not maintain during service on the board the
11 qualifications required by Section 3.01(b) or (b-1)(1) of this
12 article, subject to Subsection (b-3) of that section;

13 (3) is ineligible for membership under Section
14 3.01(b-1)(2) or (b-2) of this article; or

15 (4) is absent from more than 40 percent of the meetings
16 that the trustee is eligible to attend during a calendar year
17 without an excuse approved by a majority vote of the board.

18 (c) The validity of an action of the board is not affected by
19 the fact that it is taken when a cause for removal of a trustee
20 exists.

21 (d) If the executive director has knowledge that a potential
22 cause for removal exists, the executive director shall notify the
23 chairman of the board of the potential cause. The chairman shall
24 then notify the appointing or nominating official or body, as
25 appropriate, that a potential cause for removal exists. If the
26 potential cause for removal involves the chairman, the executive
27 director shall notify the vice chairman or next highest ranking

1 officer of the board, who shall then notify the appointing or
2 nominating official or body, as appropriate, that a potential cause
3 for removal exists.

4 Sec. 3.013. TRUSTEE TRAINING. (a) A person who is
5 appointed to or selected for the board and qualifies for office as a
6 trustee shall complete a training program that complies with this
7 section.

8 (b) The training program must provide the person with
9 information regarding:

10 (1) the law governing the pension system's operations;

11 (2) the programs, functions, rules, and budget of the
12 pension system;

13 (3) the scope of and limitations on the rulemaking
14 authority of the board;

15 (4) the results of the most recent formal audit of the
16 pension system;

17 (5) the requirements of:

18 (A) laws relating to open meetings, public
19 information, administrative procedure, and disclosing conflicts of
20 interest; and

21 (B) other laws applicable to a trustee in
22 performing the trustee's duties, including the board's fiduciary
23 duties described under Section 3.01(a) of this article;

24 (6) the code or codes of ethics adopted under Section
25 3.01(r) of this article and any applicable ethics policies adopted
26 by the Texas Ethics Commission; and

27 (7) financial training regarding the risks of

1 investing in alternative investments.

2 (c) The executive director shall create a training manual
3 that includes the information required by Subsection (b) of this
4 section. The executive director shall distribute a copy of the
5 training manual annually to each trustee. On receipt of the
6 training manual, each trustee shall sign and submit to the
7 executive director a statement acknowledging receipt of the
8 training manual.

9 SECTION 7. Section 3.02, Article 6243a-1, Revised Statutes,
10 is amended to read as follows:

11 Sec. 3.02. PROFESSIONAL CONSULTANTS. In addition to the
12 authority of the board to employ the services of certain
13 consultants set forth in this article, the board has the authority
14 to employ the services of any professional consultant recommended
15 by the executive director, including investment advisors and
16 investment managers, whenever the services of the consultants
17 [~~consultant~~] are considered necessary or desirable and in the best
18 interests of the pension system, as determined by the board in
19 consultation with the executive director. A professional
20 consultant shall receive such compensation as may be determined by
21 the board in accordance with Section 4.01 of this article.

22 SECTION 8. Part 3, Article 6243a-1, Revised Statutes, is
23 amended by adding Section 3.025 to read as follows:

24 Sec. 3.025. CHIEF INVESTMENT OFFICER. The executive
25 director may hire a chief investment officer, subject to
26 confirmation by the board, to assist the pension system regarding
27 the investment of assets of the fund. Compensation for a chief

1 investment officer hired under this section shall be made in
2 accordance with Section 4.01 of this article.

3 SECTION 9. Section 3.03, Article 6243a-1, Revised Statutes,
4 is amended by amending Subsections (b) and (c) and adding
5 Subsection (b-1) to read as follows:

6 (b) Subject to Subsection (b-1) of this section, the ~~[The]~~
7 city attorney or an assistant city attorney may ~~[shall]~~ attend
8 board ~~[all]~~ meetings ~~[of the board]~~ and may advise the board on any
9 matter on which the pension system ~~[board]~~ requests a legal opinion
10 from the city attorney.

11 (b-1) The city attorney or an assistant city attorney is not
12 required to provide an opinion under Subsection (b) of this section
13 unless the opinion is requested by the city council on behalf of the
14 pension system. The city attorney or assistant city attorney may
15 decline to provide the opinion if the subject matter of the request
16 is too dependent on disputed facts to permit a generalized opinion,
17 as determined by the city attorney or assistant city attorney.

18 (c) The board may retain other attorneys to serve as legal
19 advisors to ~~[represent]~~ the board ~~[or to give advice]~~. The
20 executive director may hire a chief legal officer, subject to
21 confirmation by the board, or other attorneys if necessary to carry
22 out the business of the pension system. Compensation for a chief
23 legal officer or other attorneys hired under this subsection shall
24 be made in accordance with Section 4.01 of this article.

25 SECTION 10. Section 3.04, Article 6243a-1, Revised
26 Statutes, is amended to read as follows:

27 Sec. 3.04. APPOINTMENT OF EXECUTIVE DIRECTOR

1 ~~[ADMINISTRATOR]~~. (a) The board has the authority to appoint an
2 executive director ~~[administrator]~~ to assist ~~[carry out the~~
3 ~~business of]~~ the board with administering the pension system and
4 ensure that records are kept ~~[to keep a record]~~ of the proceedings
5 of the board. Subject to Subsection (a-1) of this section, a person
6 appointed executive director under this section:

7 (1) must have, to the extent possible, relevant
8 experience in managing a similarly situated business entity; and

9 (2) may not be a current or former trustee ~~[The~~
10 ~~administrator, in carrying out the business of the board within the~~
11 ~~scope of the administrator's responsibility, may not be considered~~
12 ~~a fiduciary with respect to the pension system]~~.

13 (a-1) During any period in which the most recent actuarial
14 valuation of the pension system indicates that the period needed to
15 amortize the unfunded actuarial accrued liability of the pension
16 system exceeds 35 years, the board shall, to the extent lapsed
17 investments are a significant portion of the pension system's
18 assets, ensure that the executive director appointed under
19 Subsection (a) of this section has, or hires staff that has,
20 appropriate experience in managing a business entity with lapsed
21 investments in a manner that resulted in the improved liquidity or
22 profitability of the business entity.

23 (b) Subject to Subsection (b-1) of this section ~~[the~~
24 ~~approval of the board]~~, the executive director ~~[administrator]~~ may
25 select any number of persons the executive director determines
26 appropriate to assist the executive director in carrying out the
27 executive director's duties under this section. Subject to Section

1 4.01 of this article, the titles and salaries of persons selected to
2 assist the executive director shall be determined by the executive
3 director.

4 (b-1) The executive director may not select a person to
5 assist the executive director who is an active, former, or retired
6 police officer or fire fighter of the city ~~[administrator].~~

7 (b-2) The executive director shall establish the
8 organizational structure of pension system employees to optimize
9 administration of the pension system.

10 (c) The executive director ~~[Both the administrator]~~ and
11 those persons selected to assist the executive director
12 ~~[administrator]~~ may be considered employees of the city. Unless
13 otherwise delegated to the executive director ~~[administrator]~~, the
14 board shall have the ultimate authority to retain, discipline, or
15 terminate the engagement of the executive director.

16 (d) The executive director owes a fiduciary duty to the
17 pension system and shall ensure the sustainability of the pension
18 system for the purpose of providing current and future benefits to
19 members of the pension system and their beneficiaries ~~[any persons~~
20 ~~selected under this subsection].~~

21 SECTION 11. Sections 4.01(a), (c), and (d), Article
22 6243a-1, Revised Statutes, are amended to read as follows:

23 (a) The board shall pay for all costs of administration out
24 of the income from the fund when in the judgment of the board the
25 costs are necessary, including the cost of:

26 (1) salaries and benefits for the executive director
27 ~~[of the administrator, assistant administrator,]~~ and

1 administrative staff;

2 (2) [7] office expenses;

3 (3) expenses associated with securing[7] adequate
4 office space and associated utilities;

5 (4) compensation for [7] and professional
6 consultants, professional investment managers, or other persons
7 providing professional services; and

8 (5) any other expenses approved by the board[7, out of
9 ~~income from the fund when it is actuarially determined that the~~
10 ~~payments will not have an adverse effect on the payment of benefits~~
11 ~~from any of the plans within the pension system and when in the~~
12 ~~judgment of the board the costs are necessary]. [The city shall~~
13 ~~provide for costs of administration if the board determines that~~
14 ~~payment of the costs by the fund will have an adverse effect on the~~
15 ~~payment of benefits from any plan within the pension system.]~~

16 (c) No expenditure for the costs of administration,
17 including the ~~[or]~~ payment of any fee for professional consultants,
18 professional investment management services, or any other person
19 providing professional services, may be made from the fund without
20 the approval of the board.

21 (d) After the board has developed an annual budget for the
22 pension system, the budget shall be presented to the city manager
23 ~~[city's budget office]~~ for comment. The city manager ~~[city's budget~~
24 ~~office]~~ may request the board to reconsider the appropriation for
25 any expenditure at a board meeting, but the board shall make the
26 final determination concerning any appropriation.

27 SECTION 12. Sections 4.02(b), (d), and (e), Article

1 6243a-1, Revised Statutes, are amended to read as follows:

2 (b) Funds contributed by the city as its share of the amount
3 required to finance the payment of benefits under the pension
4 system may be used for no other purpose. The city is not
5 responsible for the payment of any administrative or professional
6 service fees of the pension system. Any change to the [The]
7 contributions required to be made to the pension system by the city
8 [shall be annually appropriated by the city council and
9 periodically paid on the basis of a percentage of the total wages
10 and salaries of the members of the police and fire departments who
11 are members of each of the plans within the pension system. The
12 amount of this percentage and any change in it] may [be determined]
13 only be made:

- 14 (1) by the legislature; [or]
15 (2) by a majority vote of the voters of the city; or
16 (3) in accordance with a written agreement entered
17 into between the pension system and the city, unless the change
18 would increase the period required to amortize the unfunded
19 actuarial accrued liability of the fund.

20 (d) Subject to Section 4.025 of this article, the city shall
21 make contributions to the pension system biweekly in an amount
22 equal to the sum of:

- 23 (1) the greater of:
24 (A) 34.5 percent of the aggregate computation pay
25 paid to members during the period for which the contribution is
26 made; or
27 (B) the applicable amount set forth below:

1 (i) \$5,173,000 for the biweekly pay periods
2 beginning with the first biweekly pay period that begins after
3 September 1, 2017, and ends on the last day of the first biweekly
4 pay period that ends after December 31, 2017;

5 (ii) \$5,344,000 for the 26 biweekly pay
6 periods immediately following the last biweekly pay period
7 described by Subparagraph (i) of this paragraph;

8 (iii) \$5,571,000 for the 26 biweekly pay
9 periods immediately following the last biweekly pay period
10 described by Subparagraph (ii) of this paragraph; and

11 (iv) an amount equal to the biweekly amount
12 applicable for the prior 26 biweekly pay periods, increased by a
13 2.75 percent compounded rate for each subsequent 26 biweekly pay
14 periods, beginning with the first biweekly pay period following the
15 last biweekly pay period described in Subparagraph (iii) of this
16 paragraph; and

17 (2) except as provided by Subsection (e) of this
18 section, an amount equal to 1/26th of \$11 million. [~~The percentage~~
19 of required contributions from the city shall be in accordance with
20 the following schedule and any increase or decrease in city
21 contributions shall occur automatically on any increases or
22 decreases in the members' contribution percentage.

<u>[City Contributions</u>	<u>Member Contributions</u>
24 28-1/2%	9%
25 27-1/2%	8-1/2%
26 26%	8%
27 24-1/2%	7-1/2%

1 ~~23%~~

7%

2 ~~21-1/2%~~

~~6-1/2%~~]

3 (e) Beginning with the first biweekly pay period following
4 the last biweekly pay period that ends on or after September 1,
5 2019, the [The] city is only required to pay the contribution amount
6 described by Subsection (d)(2) of this section if the board
7 determines, based on the most recently completed actuarial
8 valuation, that with the contribution, the total contributions to
9 the pension system are sufficient to amortize the unfunded
10 actuarial accrued liabilities of the fund within 35 years. The
11 State Pension Review Board shall review the board's determination
12 under this subsection. The board and the State Pension Review Board
13 shall annually make the determination and conduct the review
14 required under this subsection [~~may elect to contribute more than~~
15 ~~that required in the schedule provided by Subsection (d) of this~~
16 ~~section, except that the city's contribution percentage may not~~
17 ~~exceed 28-1/2 percent unless approved as provided by Subsection (b)~~
18 ~~of this section. Further, in no event may the city's contribution~~
19 ~~be less than 21-1/2 percent unless approved as provided by~~
20 ~~Subsection (b)]].~~

21 SECTION 13. Part 4, Article 6243a-1, Revised Statutes, is
22 amended by adding Section 4.025 to read as follows:

23 Sec. 4.025. CITY OR MEMBER CONTRIBUTIONS IF NO UNFUNDED
24 ACTUARIAL LIABILITIES. Notwithstanding Section 4.02 or 4.03 of
25 this article, if the pension system has no unfunded actuarial
26 liability according to the most recent actuarial valuation, the
27 annual normal costs must be equally divided between the city and the

1 members unless equally dividing the costs would increase the member
2 contribution rates beyond the rates prescribed by Section 4.03 of
3 this article. The board shall adjust the city contribution rates
4 under Section 4.02 of this article and the member contribution
5 rates under Section 4.03 of this article accordingly, and certify
6 the adjusted rates. After the completion of a subsequent actuarial
7 valuation showing unfunded actuarial liabilities, the contribution
8 rates applicable under Sections 4.02 and 4.03 of this article
9 apply.

10 SECTION 14. Section 4.03, Article 6243a-1, Revised
11 Statutes, is amended by amending Subsections (a), (b), (c), (d),
12 and (g) and adding Subsections (a-1), (d-1), (d-2), and (i) to read
13 as follows:

14 (a) Subject to Subsection (a-1) of this section and except
15 as provided by Section 4.025 of this article, each [Each] Group A
16 member of the combined pension plan shall have 13.5 [6.5] percent of
17 base pay deducted from the member's wages on a biweekly basis [each
18 month], and the contributions shall be promptly remitted to the
19 fund by the city.

20 (a-1) If a Group A member is assigned, for any period, to a
21 job-sharing program or any similar work schedule that is considered
22 by the member's department to be less than a full-time work
23 schedule, the member's contributions are determined by multiplying
24 the applicable contribution rate by a fraction, the numerator of
25 which is the number of hours the member actually worked during the
26 period and the denominator of which is the number of hours the
27 member would have worked during the period if the member had been

1 working a full-time work schedule.

2 (b) Each member shall [~~continue to~~] contribute to the fund
3 under the applicable terms of this article [~~section~~] until the
4 member leaves active service with either department. If a member
5 leaves active service with a department, [~~or until the beginning of~~
6 ~~the member's 33rd year of pension service, at which time~~] the member
7 shall cease making contributions.

8 (c) Each Group B member shall authorize the city to deduct
9 from the member's salary a percentage of the member's computation
10 pay. The authorization shall be in writing and filed with the
11 executive director [~~administrator~~].

12 (d) Subject to Subsection (d-1) of this section and except
13 as provided by Section 4.025 of this article, for pay periods
14 starting on or after September 1, 2017, each [~~Each~~] Group B member
15 shall have 13.5 [~~8.5~~] percent of the member's computation pay
16 deducted from the member's wages on a biweekly basis [~~each month,~~]
17 and the contributions shall be promptly remitted to the fund by the
18 city.

19 (d-1) If a Group B member is assigned, for any period, to a
20 job-sharing program or any similar work schedule that is considered
21 by the member's department to be less than a full-time work
22 schedule, the member's contributions are determined by multiplying
23 the applicable contribution rate by a fraction, the numerator of
24 which is the number of hours the member actually worked during the
25 period and the denominator of which is the number of hours the
26 member would have worked during the period if the member had been
27 working a full-time work schedule.

1 (d-2) For purposes of Subsection (d) of this section,
2 "computation pay" includes computation pay paid to a Group B member
3 during any period the member is receiving workers' compensation.

4 (g) The percentage of base pay contributed by Group A
5 members or computation pay contributed by Group B members may not be
6 altered except by an adjustment under Section 4.025 [~~amendment~~
7 ~~pursuant to the terms of Section 4.02~~] of this article.

8 (i) Member contributions under this article or any payments
9 a member is entitled to make under this article to receive
10 additional pension service may be picked up by the city under the
11 terms of an appropriate resolution of the city council.

12 SECTION 15. Section 4.04, Article 6243a-1, Revised
13 Statutes, is amended by amending Subsections (a), (c), (d), (e),
14 (f), (g), (h), (j), and (k) and adding Subsections (f-1) and (h-1)
15 to read as follows:

16 (a) Except as provided by Subsection (d) or (e) of this
17 section, a [A] Group B member who, either voluntarily or
18 involuntarily, leaves active service is entitled to a refund from
19 the fund of the total amount of the member's Plan B and Group B
20 contributions, without interest, that were paid beginning with the
21 effective date of the member's Group B membership or membership in
22 Plan B. A refund under this subsection results in a total
23 cancellation of pension service credit and the member and any
24 person who would otherwise take by, through, or under the member is
25 not entitled to any benefits from the pension system [~~an~~
26 ~~appropriate reduction of pension service~~].

27 (c) A [~~former~~] Group B member who desires [~~desiring~~] a

1 refund of the Plan B or Group B contributions under Subsection (a)
2 of this section [~~the person made to the fund~~] must make written
3 application for the refund with the executive director
4 [~~administrator~~]. In no case may any refund be made to a [~~any~~
5 ~~former~~] Group B member before the expiration of 30 days after the
6 date the person leaves active service.

7 (d) Subject to Subsection (k) of this section, if a Group B
8 member with less than five years of pension service either
9 voluntarily or involuntarily leaves active service and fails to
10 make written application for a refund of contributions within three
11 years after the date of the notice described by Subsection (j) of
12 this section [~~is~~] made by the board, the person forfeits the right
13 to withdraw any portion of the contribution, and the total amount of
14 Plan B and Group B contributions the person made will remain in the
15 fund. If the Group B member described by this subsection dies after
16 leaving active service, the [~~person's heirs or, if there are no~~
17 ~~heirs, the~~] deceased member's designee [~~estate~~] may apply for the
18 refund of the person's contributions, resulting in an appropriate
19 loss of pension service if the application is filed with the
20 executive director [~~administrator~~] within three years after the
21 date of the notice described by Subsection (j) of this section [~~is~~]
22 made by the board. Subject to Subsection (k) of this section, if a
23 Group B member's designee [~~heirs or estate~~] fails to apply for a
24 refund of the Group B member's contributions within the three-year
25 period described by this subsection, the designee forfeits [~~heirs~~
26 ~~and the estate forfeit~~] any right to the contributions, and the
27 total amount of the Plan B and Group B contributions made by the

1 Group B member will remain in the fund.

2 (e) Subject to Subsection (k) of this section, if a Group B
3 member with five or more years of pension service either
4 voluntarily or involuntarily leaves active service and fails to
5 make written application for a refund of the person's Plan B and
6 Group B contributions within three years after the date of the
7 notice described by Subsection (j) of this section [~~is~~] made by the
8 board, the person forfeits the right to withdraw any portion of the
9 contributions, and the total amount of the contributions will
10 remain in the fund. A Group B member described by this subsection
11 may, however, apply for a Group B retirement pension [~~benefits~~]
12 under Section 6.02 of this article or, if the Group B member dies
13 before the member is eligible to apply for a Group B retirement
14 pension, the member's qualified survivors [~~benefits, the person's~~
15 ~~heirs or, if there are no heirs, the deceased member's estate~~] may
16 apply for Group B death benefits under Sections 6.06, 6.061, 6.062,
17 and 6.063 of this article. If the Group B member dies before the
18 member is eligible to apply for a Group B retirement pension and the
19 member has no qualified survivors, the Group B member's designee
20 [~~in accordance with the provisions of this article, or the heirs or~~
21 ~~the estate~~] may apply for a refund of the Group B member's Plan B and
22 Group B contributions, resulting in a total cancellation [~~an~~
23 ~~appropriate loss~~] of pension service. Subject to Subsection (k) of
24 this section, if a Group B member's designee [~~heirs or estate~~] fails
25 to apply for a refund of the Group B and Plan B member's
26 contributions within the three-year period described by this
27 subsection, the designee forfeits [~~heirs and the estate forfeit~~]

1 any right to the contributions, and the total amount of the Plan B
2 and Group B contributions made by the Group B member will remain in
3 the fund.

4 (f) Subject to Subsections (g) and (h) of this section, [~~If~~
5 a Group B member, other than a Group B member who elects or has
6 elected to receive a Group A benefit or a benefit determined under
7 the old plan or Plan A, who [~~with five or more years of pension~~
8 ~~service~~] either voluntarily or involuntarily leaves active service
9 with five or more years of pension service [~~, the person~~] is
10 entitled to:

11 (1) subject to Subsection (f-1) of this section, have
12 the total amount of the person's Plan B and Group B contributions to
13 the fund refunded in accordance with Subsection (a) of this
14 section, which results in a loss of all of the person's accrued
15 pension service; or

16 (2) if the Group B member first entered active service
17 before January 1, 1999, elect to take a refund of less than the
18 total amount of the person's Plan B and Group B contributions while
19 leaving a sufficient amount to retain pension service amounting to
20 five or more years.

21 (f-1) A Group B member who elects to receive a refund under
22 Subsection (f)(1) of this section and any person who would
23 otherwise take by, through, or under the member is not entitled to
24 any benefits from the pension system.

25 (g) If a Group B member elects a refund of a portion of the
26 person's contributions under Subsection (f)(2) of this section, the
27 amount of the refund shall equal the total amount of the person's

1 Plan B and Group B annual contributions, without interest, for each
2 full year of pension service canceled [~~cancelled~~], computed based
3 on the earliest contributions made.

4 (h) A [~~former~~] Group B member who first entered active
5 service on or after January 1, 1999, is entitled to have the total
6 amount of the person's Group B contributions refunded under
7 Subsection (a) of this section in accordance with Subsection (f)(1)
8 of this section, but may not receive a refund of less than the total
9 amount in accordance with Subsection (f)(2) of this section.

10 (h-1) A Group B member who leaves active service and later
11 returns to active service is permitted to repay to the fund any
12 previously withdrawn employee contributions and receive pension
13 service in accordance with Section 5.07(d) of this article as a
14 Group B member to the extent that [~~if,~~] before again leaving active
15 service, the Group B member repays [~~completely~~] to the fund the
16 previously withdrawn contributions with interest, calculated at
17 the interest rate from time to time used in the pension system's
18 actuarial rate of return assumptions, compounded annually, on the
19 previously withdrawn contributions [~~for the period from the date~~
20 ~~the contributions were withdrawn until the date the principal and~~
21 ~~accrued interest are repaid in full~~].

22 (j) On the 58th [~~50th~~] anniversary of the birth of a Group B
23 member described by Subsection (d) or (e) of this section, or on the
24 board's receipt of notice of the death of the Group B member, the
25 board shall, by registered or certified mail, return receipt
26 requested, attempt to notify the Group B member or designee [~~the~~
27 ~~member's heirs or estate~~], as applicable, of the status of the

1 person's [~~their~~] entitlement to a refund of contributions from the
2 fund.

3 (k) A Group B member or designee described by Subsection (d)
4 or (e) of this section [~~or the heirs or estate of the Group B member~~]
5 shall have the person's [~~their~~] right, title, interest, or claim to
6 a refund of the Group B member's contributions reinstated only on
7 the board's grant of their written request for a reinstatement and
8 refund. The board's decision shall be based on a uniform and
9 nondiscriminatory basis [~~policy that it shall, from time to time,~~
10 ~~adopt~~].

11 SECTION 16. Section 4.06(c), Article 6243a-1, Revised
12 Statutes, is amended to read as follows:

13 (c) The authority of the board to make a custody account or
14 master trust agreement is supplementary to its authority to make an
15 investment management contract. Allocation of assets to a custody
16 account or master trust shall be coordinated by the executive
17 director [~~administrator~~], as authorized by the board, and the bank
18 designated as custodian or master trustee for the assets.

19 SECTION 17. Section 4.07, Article 6243a-1, Revised
20 Statutes, is amended by amending Subsections (a), (d), and (g) and
21 adding Subsection (h) to read as follows:

22 (a) Subject to Section 4.071 of this article, if [~~if~~] the
23 board determines that there is in the fund a surplus exceeding a
24 reasonably safe amount to take care of current demands on the
25 pension system, the board may invest or direct the investment of the
26 surplus for the sole benefit of the pension system.

27 (d) The board also has the authority to contract for

1 professional investment management services. Any contract that the
2 board makes with an investment manager shall set forth the board's
3 investment policies and guidelines [~~of the board for the use of~~
4 ~~standard rating services and shall include specific criteria for~~
5 ~~determining the quality of investments~~]. A professional investment
6 management service shall receive such compensation as may be
7 determined by the board in accordance with Section 4.01 of this
8 article.

9 (g) A [~~No investment manager, other than a~~] bank or trust
10 company that has custody and trustee powers and a contract with the
11 board to provide assistance in making investments[~~r~~] shall be the
12 custodian or master trustee of any of the securities or other assets
13 of the fund. Pursuant to Section 4.06 of this article, the board
14 may designate a bank to serve as custodian or master trustee, or
15 subcustodian or submaster trustee, to perform the customary duty of
16 safekeeping as well as duties incident to the execution of
17 transactions. As the demands of the pension system require, the
18 board shall withdraw from the custodian or master trustee money
19 previously considered surplus in excess of current cash and
20 proceeds from the sale of investments. The money may without
21 distinction be used for the payment of benefits pursuant to each of
22 the plans within the pension system and for other uses authorized by
23 this article and approved by the board.

24 (h) The board through policy shall establish an investment
25 advisory committee composed of trustees and outside investment
26 professionals to review investment related matters as prescribed by
27 the board and make recommendations to the board. A majority of the

1 members of the committee established under this subsection must be
2 outside investment professionals.

3 SECTION 18. Part 4, Article 6243a-1, Revised Statutes, is
4 amended by adding Section 4.071 to read as follows:

5 Sec. 4.071. BOARD APPROVAL OF CERTAIN ALTERNATIVE
6 INVESTMENTS. (a) The executive director, an investment manager, a
7 provider of professional investment management services or
8 professional advisory services, or any other person delegated
9 authority to invest or reinvest pension system assets under this
10 article may not invest pension system assets in a single
11 alternative investment unless the board votes to approve the
12 investment by a two-thirds vote of all the trustees.

13 (b) The board may adopt rules necessary to implement this
14 section.

15 SECTION 19. Section 4.08, Article 6243a-1, Revised
16 Statutes, is amended by adding Subsection (c) to read as follows:

17 (c) On written request by the city, the executive director
18 shall make available to the city's actuary or auditor the
19 information and documents provided to or used by the pension
20 system's actuary or auditor in conducting an actuarial valuation
21 under this article or preparing any other document prepared under
22 this article.

23 SECTION 20. Section 4.09, Article 6243a-1, Revised
24 Statutes, is amended to read as follows:

25 Sec. 4.09. REWARDS, DONATIONS, AND CONTRIBUTIONS. Any
26 reward, donation, or contribution given to any member as payment or
27 gratuity for service performed in the line of duty shall be turned

1 over to the chief of the member's department, who shall, in turn,
2 forward the reward, donation, or contribution to the executive
3 director [~~administrator~~] of the pension system for deposit in the
4 fund.

5 SECTION 21. Section 5.01, Article 6243a-1, Revised
6 Statutes, is amended to read as follows:

7 Sec. 5.01. MEMBERSHIP IN COMBINED PENSION PLAN. (a) Except
8 as provided by Subsection (a-1) of this section, the [~~The~~]
9 membership of the combined pension plan is composed of the
10 following persons:

11 (1) Group A members:

12 (A) police officers or fire fighters who are on
13 active service and who as of February 28, 1973, had filed a written
14 statement with the pension system of their desire to participate in
15 either the old plan or Plan A;

16 (B) police officers and fire fighters who are on
17 active service and [~~and~~] who were employed and receiving compensation
18 from the city as a police officer or a fire fighter before March 1,
19 1973, and who made contributions to either the old plan or Plan A
20 attributable to any period of employment before March 1, 1973; and

21 (C) except as provided by Subsection (b) of this
22 section, persons who elect to become Group A members under that
23 subsection; and

24 (2) Group B members:

25 (A) police officers and fire fighters who are on
26 active service and who [~~and~~] were formerly members of either the old
27 plan or Plan A [~~and~~] and who, as of April 30, 1973, had filed a written

1 statement with the pension system of their desire to participate in
2 Plan B;

3 (B) police officers and fire fighters who are on
4 active service and who on or after March 1, 1973, and before January
5 1, 1993, became members of Plan B;

6 (C) as a condition of employment, any police
7 officer [~~office~~] or fire fighter who is initially employed as a
8 police officer or a fire fighter by the city on or after January 1,
9 1993;

10 (D) as a condition of return to active service
11 and except as provided by Subsection (b) of this section, former
12 members of the old plan or Plan A who left active service before
13 March 1, 1973;

14 (E) as a condition of return to active service
15 and except as provided by Subsection (c) of this section, former
16 Group B members who are no longer on active service, whether or not
17 the persons were ever a member of the old plan, Plan A, or the
18 combined pension plan;

19 (F) Group A members who are on active service and
20 meet the requirements and make an election under Subsection (d) of
21 this section; and

22 (G) persons who are on active service and make an
23 election under Subsection (e) of this section.

24 (a-1) Group A or Group B members do not include any employee
25 of the city who is required by ordinance or who elects, in
26 accordance with an ordinance, to participate in an alternative
27 benefit plan established under Section 3.01(j-1)(2) of this article

1 based on an evaluation under Section 3.01(j-5)(2) of this article.

2 (b) A person who has received an old plan, Plan A, or
3 combined pension plan retirement or disability pension on or after
4 March 1, 1973, may, if the person returns to active service, elect
5 to participate as a Group A or Group B member by filing a written
6 application for membership with the executive director
7 ~~[administrator]~~ not later than 60 days after the date of return to
8 active service. ~~[As a condition of either Group A or Group B~~
9 ~~membership, the board may require the person to undergo a physical~~
10 ~~examination and be certified by the health director as being~~
11 ~~capable of performing the duties to which the person will be~~
12 ~~assigned.]~~ If the person described by this subsection does not
13 elect to become a Group A or Group B member, the person shall on
14 leaving active service receive a retirement pension in an amount
15 that is unadjusted for the period of return to active service if the
16 person meets all of the requirements of Group A membership.

17 (c) A Group B pensioner who was never a member of the old
18 plan, Plan A, or the combined pension plan before January 1, 1993,
19 may, if the person returns to active service, elect to become a
20 Group B member by filing a written application for membership with
21 the executive director ~~[administrator]~~ not later than 60 days after
22 the date of return to active service. ~~[As a condition of Group B~~
23 ~~membership, the board may require the pensioner to undergo a~~
24 ~~physical examination and be certified by the health director as~~
25 ~~being capable of performing the duties to which the person will be~~
26 ~~assigned.]~~ If the person described by this subsection does not
27 elect to again become a Group B member, on leaving active service,

1 if the person meets all applicable requirements of this article,
2 the person shall receive benefits in an amount equal to the amount
3 the person was receiving as of the day before the day the person
4 returned to active service, and the person's base pension shall be
5 the same as the base pension originally computed before the return
6 to active service.

7 (d) A person who is on active service and is a Group A member
8 may, before the person participates in DROP, irrevocably elect to
9 become a Group B member by filing a written application with the
10 executive director [~~administrator~~]. On and after the filing of the
11 application, the Group A member shall make contributions to the
12 fund at the rate applicable to Group B members. However, the
13 contributions do not, by themselves, establish [~~constitute~~] Group B
14 membership. Group B membership is contingent on the satisfaction
15 of the following conditions:

16 (1) the [~~The~~] person must, before the person elects to
17 participate in DROP, pay an amount to the fund equal to the
18 difference between the contributions the person would have made to
19 the fund had the person been a Group B member for the entire period
20 the person could otherwise have been a Group B member before making
21 application for membership and the contributions the person
22 actually made during that period, plus interest calculated in
23 accordance with procedures adopted by the board from time to time;
24 and [-]

25 (2) the [~~The~~] payments described by this subsection
26 must be completed before the earlier of the date on which the person
27 begins participation in DROP or leaves active service in accordance

1 with procedures adopted by the board from time to time.

2 (d-1) If the fund does not receive payment under Subsection
 3 (d)(1) of this section by the ~~[that]~~ date prescribed by Subsection
 4 (d)(2) of this section, all payments made under Subsection (d)(1)
 5 of this section ~~[of this type]~~, as well as those contribution
 6 amounts paid by the person after the person's application for Group
 7 B membership that are in excess of the Group A member contribution
 8 rate, shall be returned without accrued interest to the person, or
 9 in the event of the person's death to the person's designee
 10 ~~[surviving spouse, children, or estate]~~, as applicable.

11 (e) A person who is on active service and has never been a
 12 member of any plan within the pension system may elect to become a
 13 Group B member on a prospective basis by filing a written
 14 application for membership with the executive director
 15 ~~[administrator]~~.

16 SECTION 22. Sections 5.02(a), (d), (e), (h), and (i),
 17 Article 6243a-1, Revised Statutes, are amended to read as follows:

18 (a) The effective date of Group B membership for a person
 19 who becomes a Group B member under ~~[persons described by]~~ Section
 20 5.01(a)(2)(A) or (B) of this article is the date the Group B member
 21 first became a member of Plan B ~~[January 1, 1993]~~.

22 (d) The effective date of Group B membership for a person
 23 ~~[former Group B member]~~ who again becomes a Group B member and is
 24 described by Section 5.01(a)(2)(E) of this article is the person's
 25 original effective date of Group B membership, adjusted for any
 26 period for which ~~[that]~~ the person was not on active service or ~~[~~
 27 ~~if the person]~~ has ~~[not]~~ withdrawn some, but not all, contributions

1 to the fund pursuant to Section 4.04 of this article. If, however,
2 the person withdraws [~~former Group B member has withdrawn~~] all
3 contributions to the fund in accordance with Section 4.04 of this
4 article, and the person does not replace the previously withdrawn
5 contributions together with interest as provided by Section
6 4.04(h-1) [~~4.04(h)~~] of this article, the effective date of the
7 person's membership is the date of return to active service.

8 (e) The effective date of membership for a person who
9 becomes a Group B member pursuant to Section 5.01(b) of this article
10 is the date on which written application for the membership is filed
11 with the executive director [~~administrator~~]. The effective date of
12 membership for a person who becomes a Group A member pursuant to
13 Section 5.01(b) of this article is the person's original effective
14 date of membership in the old plan, Plan A, or the combined pension
15 plan, whichever is applicable.

16 (h) A person described by Subsection (a), (c), (d), (e),
17 (f), or (g) of this section shall be given full pension service for
18 the time the person was a contributing member of the old plan, Plan
19 A, the combined pension plan, and Plan B, and the pension service
20 shall be counted as if it had been earned while a Group B member.
21 Neither the length of time persons described by Subsection (a),
22 (c), (d), (e), (f), or (g) of this section received a retirement or
23 disability pension, whether under the old plan, Plan A, the
24 combined pension plan or Plan B, nor the amount of any benefits paid
25 to the person shall have any effect on the pension service earned by
26 the person. No pension service may be earned while on service
27 retirement or disability retirement, or when the person was not on

1 active service. Except as provided by Sections 5.08 [~~5.02~~] and 5.09
2 of this article, a person described by Subsection (a), (c), (d),
3 (e), (f), or (g) of this section may not be allowed to contribute to
4 the fund in order to receive pension service for the time the person
5 was not on active service, regardless of whether the person was
6 actually receiving a pension.

7 (i) The effective date of Group B membership for a person
8 who becomes a Group B member pursuant to Section 5.01(e) of this
9 article is the date on which written application for Group B
10 membership is filed with the executive director [~~administrator~~].

11 SECTION 23. Section 5.03, Article 6243a-1, Revised
12 Statutes, is amended by amending Subsections (c) and (d) and adding
13 Subsection (c-1) to read as follows:

14 (c) A Group B member who is on active service and [~~or former~~
15 ~~Group B member who also~~] was a former contributing member of either
16 the old plan or Plan A may elect, when applying for either a
17 retirement or disability pension if applicable, to terminate
18 membership and receive a Group A retirement or disability pension
19 under the applicable provisions of this article, if the Group B
20 member's application for retirement or disability pension is
21 granted by the board.

22 (c-1) A Group B member who is not on active service and was a
23 former contributing member of either the old plan or Plan A may
24 elect, when applying for a retirement pension, to terminate
25 membership and receive a Group A retirement pension under the
26 applicable provisions of this article, if the Group B member's
27 application for retirement pension is granted by the board.

1 (d) If a Group B member [~~or former Group B member~~] described
 2 by Subsection (c) or (c-1) of this section has elected and been
 3 granted a Group A retirement or disability pension under the
 4 applicable provisions of this article, the person is entitled to a
 5 reimbursement from the fund. The reimbursement shall be equal to
 6 that portion of the person's contributions to the fund, without
 7 interest, from the person's effective date of Group B membership
 8 until the time the person left active service[~~r~~] that is in excess
 9 of the total amount the person would have contributed as a Group A
 10 member or as a member of the old plan or Plan A for the same period.
 11 A Group B member [~~or former Group B member~~] desiring a refund of
 12 excess contributions must make written application for the refund
 13 with the executive director [~~administrator~~] within three years
 14 after the date the person's Group A retirement or disability
 15 pension, whichever is applicable, begins, otherwise, the person
 16 will [~~or~~] lose all right, title, interest, or claim to the refund
 17 until such time as the board grants the refund in response to the
 18 person's written request. The refund shall be made as soon as
 19 practicable after written application is filed with the executive
 20 director [~~administrator~~].

21 SECTION 24. Section 5.04, Article 6243a-1, Revised
 22 Statutes, is amended to read as follows:

23 Sec. 5.04. GROUP B MEMBERSHIP MAY BE DECLARED INACTIVE. (a)
 24 Except as provided by Subsection (d)(1) of this section, if [~~if~~]
 25 Group B member with less than five years of pension service either
 26 voluntarily or involuntarily leaves active service, the person's
 27 Group B membership remains active as long as the person has not

1 withdrawn the person's contributions pursuant to Section 4.04 of
2 this article.

3 (b) Except as provided by Subsection (d)(2) of this section,
4 if [~~If~~] a Group B member with five or more years of pension service
5 either voluntarily or involuntarily leaves active service, the
6 person's Group B membership remains active as long as the person has
7 not withdrawn the person's entire contributions pursuant to Section
8 4.04 of this article.

9 (c) Except as provided by Subsection (d)(3) of this section,
10 if [~~If~~] the board receives valid information that a Group B primary
11 party has died, [~~leaving one or more heirs,~~] the board shall, by
12 registered or certified mail, return receipt requested, attempt to
13 notify:

14 (1) the qualified survivors [~~heirs~~] of the primary
15 party of the procedures for applying and qualifying for death
16 [~~survivor~~] benefits under Section 6.06, 6.061, 6.062, or 6.063 of
17 this article; or

18 (2) if the primary party does not have any qualified
19 survivors, the primary party's designee of the procedures for
20 applying for [~~or~~] a refund of the [~~Group B~~] primary party's
21 contributions, if applicable, in accordance with Section 4.04 of
22 this article.

23 (d)(1) Subject to the provisions of Subdivision (5)(A) of
24 this subsection, the membership of a Group B member described by
25 Subsection (a) of this section shall be declared inactive and all of
26 the person's accrued pension service voided if the person does not
27 return to active service within three years after the date of

1 ~~[receiving]~~ the notice described by Subdivision (4) of this
2 subsection.

3 (2) Subject to the provisions of Subdivision (5)(B) of
4 this subsection, the membership of a Group B member described by
5 Subsection (b) of this section shall be declared inactive and all of
6 the person's accrued pension service voided if the person does not
7 file an application for a Group B retirement pension with the board
8 within three years after the date of ~~[receiving]~~ the notice
9 described by Subdivision (4) of this subsection.

10 (3) Subject to the provisions of Subdivision (5)(C) of
11 this subsection, if a primary party described by Subsection (c) of
12 this section:

13 (A) does not have any qualified survivors, the
14 designee has ~~[, the heirs or estate of a deceased primary party~~
15 ~~described by Subsection (c) of this section have]~~ no right, title,
16 interest, or claim for ~~[benefits or]~~ a refund of the primary party's
17 contributions to the fund~~[,]~~ if the designee does not file an
18 application for the primary party's contributions within three
19 years after the date of the notice described in Subsection (c) of
20 this section; or

21 (B) has qualified survivors, the qualified
22 survivors have no right, title, interest, or claim to ~~[heirs or the~~
23 ~~estate, whichever is applicable, fails to file an application for]~~
24 the primary party's death benefits if the qualified survivor does
25 not file an application for the benefits ~~[or contributions]~~ within
26 three years after the date of ~~[receiving]~~ the notice described in
27 Subsection (c) ~~[by Subdivision (4)]~~ of this section ~~[subsection].~~

1 (4) On the 58th [~~50th~~] anniversary of the birth of a
2 Group B member described by Subsection (a) or (b) of this section
3 [~~or on the board's receipt of notice of the death of a primary party~~
4 ~~described by Subsection (c) of this section~~], the board shall, by
5 registered or certified mail, return receipt requested, attempt to
6 notify:

7 (A) the [~~Group B~~] member [~~or the heirs or estate~~
8 ~~of a primary party, whichever is applicable,~~] of the status of the
9 member's [~~their~~] entitlement to benefits or contributions from the
10 fund; or

11 (B) if the board receives valid information that
12 the member has died, the qualified survivors of the deceased person
13 or, if none exists, the designee of the deceased person.

14 (5)(A) A Group B member described by Subdivision (1)
15 of this subsection shall have the person's Group B membership and
16 pension service reinstated on the person's return to active
17 service.

18 (B) A Group B member described by Subdivision (2)
19 of this subsection shall have the person's Group B membership and
20 pension service reinstated on the person's return to active service
21 or on the grant of the person's written request to the board of the
22 person's desire to apply for a Group B [~~service~~] retirement pension
23 under Section 6.02 of this article [~~benefit~~].

24 (C) A primary party's qualified survivors or
25 designee, as appropriate, [~~The heirs or estate of a primary party~~]
26 described by Subdivision (3) of this subsection shall have their
27 right, title, interest, or claim to the primary party's refund of

1 the party's contributions reinstated on the board's grant of their
2 written request [~~for the reinstatement and refund~~]. [~~The board's~~
3 ~~decision shall be based on a uniform and nondiscriminatory policy~~
4 ~~that it shall, from time to time, adopt.~~]

5 SECTION 25. Section 5.05, Article 6243a-1, Revised
6 Statutes, is amended to read as follows:

7 Sec. 5.05. PENSION SERVICE. (a) Subject to Subsection (d)
8 of this section and except as provided by Subsection (e) of this
9 section, a [A] member shall receive pension service for the time,
10 computed in years and fractional years for months and days,
11 completed as a member of the combined pension plan, the old plan,
12 Plan A, or Plan B.

13 (b) A member who elects to pay contributions for time spent
14 on military leave, authorized non-uniformed leave of absence, or
15 for an apprenticeship or probationary period, or for any other
16 reason provided for by this article may [~~not~~] receive [~~any~~] pension
17 service for [~~any part of~~] the time for which the member is
18 contributing only to the extent provided under Section 5.07(d),
19 5.08, or 5.09 of this article [~~until the entire amount due the fund~~
20 ~~for the entire period involved has been paid as if the service were~~
21 ~~performed as a member~~].

22 (c) If a member, either voluntarily or involuntarily,
23 leaves active service and later returns to active service, the
24 person shall receive full pension service for the period of the
25 person's original membership, if the person did not withdraw the
26 person's contributions pursuant to Section 4.04 of this article.
27 If, however, the member had withdrawn the person's contributions

1 and did [~~does~~] not replace the previously withdrawn contributions
2 [~~with interest~~] as required by Section 4.04 of this article, the
3 member [~~person~~] forfeits any pension service attributable to any
4 period of time for which the respective contributions were not
5 repaid [~~accrued while a member before the date of the person's~~
6 ~~return to active service~~].

7 (d) If a member is assigned, for any period, to a
8 job-sharing program or any similar work schedule that is considered
9 by the member's department to be less than a full-time work
10 schedule, the member's pension service is determined by multiplying
11 the pension service that could have been earned for full-time work
12 during the period by a fraction, the numerator of which is the
13 number of hours the member actually worked during the period and the
14 denominator of which is the number of hours the member would have
15 worked during the period if the member had been working a full-time
16 work schedule. This proration may not affect the computation of
17 pension service for a member during any period the member is on
18 leave:

19 (1) because of an illness or injury; or
20 (2) receiving periodic payments of workers'
21 compensation.

22 (e) Notwithstanding any other provision in this section, a
23 member may not receive pension service attributable to nonqualified
24 service to the extent the pension service would result in either
25 more than five years of permissive service attributable to
26 nonqualified service being taken into account, or any permissive
27 service being taken into account before the member has completed at

1 least five years of active service. In this subsection,
2 "permissive service" and "nonqualified service" have the meanings
3 described by Section 415(n)(3) of the code.

4 SECTION 26. Sections 5.06, 5.07, 5.08, and 5.09, Article
5 6243a-1, Revised Statutes, are amended to read as follows:

6 Sec. 5.06. VESTED RIGHTS OF GROUP B MEMBERS. (a) If a Group
7 B member accrues five years of pension service, whether the pension
8 service is accrued while a Group B member or while a member of the
9 old plan, Plan B, Plan A, the combined pension plan, or a
10 combination of the plans, the Group B member has vested rights and
11 is eligible to apply for a retirement pension in accordance with
12 Section 6.02 of this article.

13 (b) If a Group B member has vested rights as determined
14 under Subsection (a) of this section, and the Group B member either
15 voluntarily or involuntarily leaves active service before becoming
16 eligible to receive any benefits under Section 6.02 of this
17 article, the person shall be provided with a letter approved by the
18 board and signed by the executive director [~~administrator~~] that,
19 barring unrepaid refunds, clerical error, miscalculation, or other
20 error, is incontestable and shall state:

21 (1) the total amount of pension service the Group B
22 member had accrued until the date the person left active service;

23 (2) the total amount of contributions the Group B
24 member made under the terms of Plan B and the combined pension plan;
25 and

26 (3) the monthly retirement pension due the Group B
27 member at age 58 [~~50~~].

1 Sec. 5.07. PURCHASE OF PENSION SERVICE BY GROUP B MEMBERS.

2 (a) A Group B member who is on active service and has previously
3 elected not to become a contributing member of the old plan or ~~[and]~~
4 Plan A may purchase pension service from the fund for that period
5 during which the member performed active service with either
6 department until the effective date of the member's Group B
7 membership. No pension service may be given to the Group B member
8 except to the extent that ~~[until]~~ payment is made for the ~~[entire~~
9 ~~period described by this subsection, and no]~~ pension service in
10 accordance with Subsection (d) of this section ~~[may be purchased~~
11 ~~for any period that is of greater or lesser length].~~

12 (b) Payment for the purchase of pension service under
13 Subsection (a) of this section shall be equal to the amount of
14 contributions the Group B member would have made to the old plan and
15 Plan A had the member been a contributing member of either of the
16 plans during the period for which the pension service is being
17 purchased ~~[described by Subsection (a) of this section]~~, plus
18 interest calculated in accordance with procedures adopted by the
19 board from time to time.

20 (c) Subject to Subsection (d) of this section, a [A] Group B
21 member who is on active service may repay the fund all or a portion
22 of the employee contributions withdrawn by an alternate payee
23 pursuant to the terms of a qualified domestic relations order ~~[and~~
24 ~~receive pension service as a Group B member attributable to the~~
25 ~~contributions, if the Group B member repays completely to the fund~~
26 ~~the withdrawn contributions]~~ with interest, calculated at the
27 interest rate from time to time used in the pension system's

1 actuarial rate of return assumptions, compounded annually, on the
2 contributions for the period from the date the contributions were
3 withdrawn until the date the principal and accrued interest are
4 repaid, and receive pension service as a Group B member, in
5 accordance with Subsection (d) of this section, for the period for
6 which the contributions and interest were paid [~~in full~~].

7 (d) [~~No pension service may be given to a Group B member~~
8 ~~under Subsection (b) or (c) of this section until the entire amount~~
9 ~~described by Subsection (b) or (c) has been paid to the fund.~~] If
10 payment of the entire amount of pension service a member is entitled
11 to under Subsection (a) or (c) of this section or under Section
12 4.04(h-1) of this article is not completed by the earlier of the
13 date the Group B member begins participation in DROP or the date the
14 member [~~is not completed by the date the Group B member~~] leaves
15 active service, pension service will be provided only for the
16 number of full years of pension service that the contributions and
17 interest paid under those provisions will purchase, computed based
18 on the most recent years for which the member was entitled to
19 purchase pension service. Except for pension service that is
20 picked up by the city under the authority of Section 414(h)(2) of
21 the code, a fractional year of pension service may be purchased only
22 if less than a full year of pension service is available for
23 purchase.

24 (e) The amounts paid but insufficient to purchase one or
25 more whole years of pension service that remain available for
26 purchase, including any interest paid by the Group B member, must be
27 returned to the Group B member or, if the Group B member has died, to

1 the Group B member's designee, without any accrued interest on the
2 returned money.

3 (f) Notwithstanding any other provision of this section,
4 any amounts that have been picked up and paid by the city may not be
5 paid to a member or designee, and the member shall be given credit
6 for all years, and fractions of years, of pension service that can
7 be purchased with the picked-up contributions ~~[all partial payments~~
8 ~~shall be returned to the Group B member or, if the Group B member has~~
9 ~~died, to the member's heirs or estate, whichever is applicable].~~

10 Sec. 5.08. MEMBERS IN UNIFORMED ~~[ARMED]~~ SERVICES. (a) In
11 this section, "service in the uniformed services" has the meaning
12 assigned by the federal Uniformed Services Employment and
13 Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.), as
14 amended.

15 (a-1) A member who is reemployed by the city after an
16 absence due to service in the uniformed services shall receive
17 contributions, benefits, and pension service that are no less
18 favorable than those required by Section 414(u) of the code in
19 accordance with the procedure described by Subsection (c) of this
20 section ~~[may receive pension service for time spent away from~~
21 ~~either department while on active duty in any of the military~~
22 ~~services of the United States, including service in any state or~~
23 ~~National Guard or any reserve component of any military service in~~
24 ~~accordance with the military leave provided by this section].~~

25 (b) To the extent a provision of this section that was in
26 effect before November 25, 1996, would provide a member who was on
27 active service with the pension system before November 25, 1996,

1 ~~with greater rights, the prior provision of this section applies~~
2 ~~[Any member inducted into the armed forces as a draftee must reapply~~
3 ~~for reinstatement with the member's prior department within 90 days~~
4 ~~after the date of honorable discharge or separation from military~~
5 ~~service. On such reinstatement, the member may elect to repay the~~
6 ~~member's contributions at any time under the procedure described by~~
7 ~~Subsection (h) of this section].~~

8 (c) Payment for credit for pension service under this
9 section ~~[Any member enlisting in the armed forces, other than as a~~
10 ~~reservist, whose military service between June 24, 1948, and August~~
11 ~~1, 1961, did not exceed four years, or whose military service began~~
12 ~~after August 1, 1961, and did not exceed five years if the fifth~~
13 ~~year is at the request and convenience of the federal government,~~
14 ~~and who was honorably discharged or separated from service is~~
15 ~~guaranteed, under the provisions of coverage described by this~~
16 ~~subsection, the right to restore pension service under the~~
17 ~~procedure described by Subsection (h) of this section. The four-~~
18 ~~and five-year leaves permitted by this subsection apply to all of a~~
19 ~~member's employment with the city. An enlistment plus any number of~~
20 ~~reenlistments may not exceed the four- or five-year limitations~~
21 ~~stated above.~~

22 ~~[(d) Any member ordered to an initial period of active duty~~
23 ~~for training in a reserve component of not less than 12 consecutive~~
24 ~~weeks is entitled to restore pension service for the period absent~~
25 ~~from the member's department, if the member returns to the member's~~
26 ~~department within 31 days after the date of honorable discharge or~~
27 ~~separation from duty in the reserve unit.~~

1 ~~[(c) Any member serving in a reserve component, voluntarily~~
2 ~~or involuntarily, may remain on military leave for four years,~~
3 ~~which may be extended for periods when the President of the United~~
4 ~~States calls the reserve unit into active duty. The service~~
5 ~~extension for members joining a reserve unit voluntarily is~~
6 ~~available only when the additional service is at the request and for~~
7 ~~the convenience of the federal government. Any member returning to~~
8 ~~the member's department under this provision must report back to~~
9 ~~work within the time specified to the member by the department,~~
10 ~~giving due regard for travel time and hospitalization, if required.~~
11 ~~Any inquiry into the validity of orders extending terms of~~
12 ~~reservist active duty for training will be referred to the~~
13 ~~Department of Labor's Office of Veterans' Employment and Training.~~

14 ~~[(f) Any member on military leave for short periods of~~
15 ~~authorized training, such as two-week encampments, are treated as~~
16 ~~on leave with pay for up to 15 working days in any one calendar year,~~
17 ~~during which time pension service automatically accrues. Leave in~~
18 ~~excess of 15 days will be treated as described by Subsection (e) of~~
19 ~~this section.~~

20 ~~[(g) With the exception of those circumstances described by~~
21 ~~Subsection (f) of this section, the city is not required to match~~
22 ~~contributions made by members under the terms of this section.~~

23 ~~[(h) Repayment]~~ shall be made in accordance with Section
24 5.07 of this article and a ~~[the procedure set forth in any]~~ uniform
25 and nondiscriminatory ~~[military leave and payment]~~ procedure
26 adopted by the board ~~[and in effect from time to time]~~.

27 Sec. 5.09. NON-UNIFORMED ~~[NONMILITARY]~~ LEAVE OF ABSENCE.

1 (a) An "authorized non-uniformed leave of absence" means any leave
2 of absence that meets one of the following requirements
3 ~~[conditions]~~:

4 (1) the leave of absence was unpaid and granted by the
5 member's department in accordance with the federal Family and
6 Medical Leave Act of 1993 (29 U.S.C. Section 2601 et seq.); or

7 (2) the leave of absence was unpaid and was ~~[must be]~~
8 an official leave authorized and certified by the chief of the
9 member's ~~[either]~~ department as being beneficial to ~~[, and~~

10 ~~[(2) the leave of absence must be for the purpose of~~
11 ~~benefitting]~~ the department.

12 (b) Subject to the requirements of this section and any
13 procedures adopted by the board, a [A] member may receive pension
14 service for time spent away from the member's ~~[either]~~ department
15 on an authorized non-uniformed ~~[nonmilitary]~~ leave of absence. To
16 receive pension service under this section ~~[for a nonmilitary leave~~
17 ~~of absence, the following conditions must be met:~~

18 ~~[(1) before the date the member's leave of absence is to~~
19 ~~begin]~~, the member must file with the executive director
20 ~~[administrator]~~ a written application to pay to the fund both:

21 (1) the member contributions the member would have
22 made to the fund had the member remained on active service and had
23 there been no change in the member's position or hours of work
24 during the period of the authorized non-uniformed leave of absence;
25 and

26 (2) the contributions the city would have made to the
27 fund on the member's behalf ~~[any contributions that will accrue~~

1 ~~during the member's leave as set forth in Subdivisions (2) and (3)~~
2 ~~of this subsection;~~

3 ~~[(2) the member must agree to pay into the fund the~~
4 ~~amount the member would have contributed had the member remained on~~
5 ~~active service, the amount to be based on the computation pay the~~
6 ~~member would have normally received had there been no change in the~~
7 ~~member's position during the period of leave;~~

8 ~~[(3) the member must agree to pay into the fund an~~
9 ~~amount equal to the amount the city would have contributed computed~~
10 ~~on the basis of total wages and salary the member would normally~~
11 ~~have received] had the member remained on active service and had~~
12 ~~there been no change in the member's position or hours of work~~
13 ~~during the period of the authorized non-uniformed leave of absence.~~

14 (b-1) Contributions made under Subsection (b)(2) of this
15 section may not be refunded to the member.

16 (b-2) The written application described by Subsection (b)
17 of this section must be filed before the member's authorized
18 non-uniformed leave of absence begins, unless the pension system
19 determines that it would not be reasonable to expect the member to
20 file the application before the authorized non-uniformed leave of
21 absence begins, in which case the application must be filed as soon
22 as circumstances permit, as determined by the pension system.

23 ~~[leave, the payment to represent the total amount that would have~~
24 ~~been contributed by the city on the member's behalf had the member~~
25 ~~remained on active service and paid in addition to the amount the~~
26 ~~member must contribute as set forth in Subdivision (2) of this~~
27 ~~subsection;]~~

1 (b-3) To receive pension service under this section, the
2 following additional conditions must also be met:

3 (1) [~~(4)~~] if the member's contribution rate, the
4 city's contribution rate, or both the member's and city's
5 contribution rates change before the end of the member's authorized
6 non-uniformed leave of absence [~~changes as provided by Section 4.02~~
7 of this article], the percentage [~~of total wages and salary]~~
8 required to be paid by the member also changes, so that the amount
9 paid by the member in accordance with this section always equals the
10 amount that would have been contributed by the member, and by the
11 city on the member's behalf had the member remained on active
12 service[, and in no event is the city required to pay into the fund
13 any contributions that would have been made on behalf of a member
14 had the member remained on active service during the period of an
15 authorized leave of absence];

16 (2) [~~(5)~~] payment of contributions as set forth in
17 Subsection (b) of this section [~~Subdivisions (3) and (4) of this~~
18 subsection] shall begin coincident with the beginning of the
19 applicable authorized non-uniformed leave of absence and shall be
20 made monthly to the executive director [~~administrator~~] for deposit
21 in the fund, unless the board authorizes the deferment of the
22 payments, in which case the payments must include interest
23 calculated in accordance with Subsection (b-4) of this section
24 [~~until the member has returned to active service];~~

25 (3) no pension service will be granted to the member
26 until the member returns to active service, and if the member does
27 not return to active service, the contributions paid, including any

1 interest paid, will be returned to the member except as provided by
2 Subsection (c) of this section;

3 (4) if the board authorizes the deferment of the
4 payments under Subdivision (2) of this subsection, the payment must
5 ~~may~~ be made either by authorizing the deduction of pro rata
6 portions of the total amount due from the member's salary over a
7 one-year period, or by cash payment made to the executive director
8 ~~administrator~~ within one year after the date of the member's
9 return to active service, except that the board may approve a longer
10 period for making the payment if it finds that the one-year limit
11 would work a financial hardship on the member;

12 (5) ~~(6)~~ the member must return to active service
13 within 90 days after the date the member's authorized non-uniformed
14 leave of absence expires, or if the member's authorized
15 non-uniformed leave of absence does not have a fixed expiration
16 date, within a reasonable time to be determined by the board, or the
17 member forfeits the right to pay for the leave time; and

18 (6) ~~(7)~~ no member may ever be allowed to pay leave of
19 absence contributions under this section for any time in excess of
20 the time actually spent on an authorized non-uniformed leave of
21 absence.

22 (b-4) For purposes of Subsection (b-3)(2) of this section,
23 interest is calculated from the date the member's payment was first
24 due, at the interest rate from time to time used in the pension
25 system's actuarial rate of return assumptions, compounded annually
26 until the date the principal and accrued interest are repaid in
27 full.

1 (c)(1) If a member of the combined pension plan is disabled
 2 or dies while on an authorized non-uniformed leave of absence, the
 3 member or the member's designee is [~~heirs are~~] entitled to [~~either~~]
 4 a refund of contributions pursuant to Section 4.04 of this article
 5 or the member or the member's qualified survivors are entitled to
 6 benefits under the provisions of this article, to the extent
 7 applicable.

8 (2) A member who is disabled or dies while on an
 9 authorized non-uniformed leave of absence pursuant to this section
 10 may receive no pension service for any portion of the period of the
 11 leave, [+] except that if the member had, before the member's
 12 disability or death, paid for contributions while on an authorized
 13 non-uniformed leave of absence in accordance with [~~Subsection (a)~~]
 14 ~~of~~] this section, the member shall receive pension service for the
 15 leave time actually paid for at the time of the member's disability
 16 or death. The [~~, but the~~] member may receive no pension service for
 17 any portion of the period of leave for which contributions were
 18 [~~have~~] not [~~been~~] paid to the executive director [~~administrator~~]
 19 for deposit in the fund.

20 SECTION 27. Section 6.01, Article 6243a-1, Revised
 21 Statutes, is amended by amending Subsections (a), (b), (d), (e),
 22 (f), (g), and (h) and adding Subsections (a-1) and (a-2) to read as
 23 follows:

24 (a) A Group A member [~~or former Group A member~~] must have 20
 25 years of pension service to be eligible for a Group A retirement
 26 pension under this section. A member's benefit election
 27 [~~application~~] under this section, once approved [~~made~~], is

1 irrevocable.

2 (a-1) If a Group A pensioner returns to active service as a
3 police officer or fire fighter with the city, the person's Group A
4 retirement pension ceases until ~~[the time]~~ that ~~[the]~~ person again
5 leaves active service with the city.

6 (a-2) If a Group A pensioner resumes employment with the
7 city in a capacity other than as a police officer or fire fighter,
8 the pensioner's Group A retirement pension continues during the
9 period of employment, except the pensioner may not accrue
10 additional credit for pension service during this period.
11 Additional credit for pension service does not accrue during any
12 period in which a Group A pensioner becomes employed by the city
13 unless the additional credit is attributable to active service as a
14 police officer or fire fighter with the city.

15 (b) At age 50 a Group A member ~~[or former Group A member]~~ is
16 eligible to begin drawing a monthly Group A retirement pension. A
17 monthly Group A retirement pension equals 50 percent of the base pay
18 per month, plus 50 percent of any longevity pay the Group A member
19 was receiving at the time the member left active service. Although
20 the number of years used in the computation of longevity pay remains
21 fixed at the earlier of the time a Group A member ~~[or former Group A~~
22 ~~member]~~ leaves active service or begins participation in DROP, the
23 monthly rate of longevity pay used in this computation is subject to
24 change in the event of an amendment to the state law governing
25 longevity pay. The monthly Group A retirement pension benefits of
26 Group A pensioners shall be adjusted from time to time in a like
27 manner.

1 (d) The element of annual retirement pension computed under
2 Subsection (c)(1) of this section is subject to the following
3 limitations:

4 (1) it shall be prorated for the year in which the
5 pensioner begins receiving a retirement pension;

6 (2) it shall be payable only to those Group A
7 pensioners who, as ~~a~~ Group A members ~~member~~ on active service,
8 received city service incentive pay and who receive a monthly Group
9 A retirement pension as determined under Subsection (b) of this
10 section on the last day of September of each year; and

11 (3) it shall be paid to Group A pensioners as long as
12 the city continues to pay city service incentive pay to Group A
13 members on active service.

14 (4) Notwithstanding Subsections (b) and (c) of this
15 section, a Group A member with a minimum of 20 years of pension
16 service may apply for an actuarially reduced retirement pension to
17 begin no earlier than when the member attains age 45 but before the
18 member attains age 50. The Group A member ~~or a former Group A~~
19 ~~member~~ who has made an application may receive a retirement
20 pension calculated under Subsections (b) and (c) of this section
21 reduced by two-thirds of one percent per month for each whole
22 calendar month the benefit is payable before the month in which the
23 Group A member ~~or former Group A member~~ attains age 50.

24 (e) At age 55 a Group A member ~~or former Group A member~~ is
25 eligible to begin drawing a monthly retirement pension computed as
26 follows:

27 (1)(A) at the rate of three percent of base pay for

1 each year, prorated for fractional years, of pension service, with
2 a maximum of 32 years of pension service, or 96 percent of base pay;
3 or

4 (B) if the Group A member [~~or former Group A~~
5 ~~member~~] had 34 or more years of pension service as of April 30,
6 1990, then the member's retirement pension is calculated at the
7 rate calculated under the terms of the combined pension plan in
8 effect on April 30, 1990, if the resulting amount would be greater
9 than the amount calculated under Paragraph (A) of this subdivision;
10 plus

11 (2) one-half of the longevity pay the Group A member
12 [~~or former Group A member~~] was receiving at the time the person left
13 active service; plus

14 (3) 1/24th, without subsequent adjustment, of the
15 annualized amount of the city service incentive pay the Group A
16 member [~~or former Group A member~~] received at the time the person
17 left active service.

18 (f) [~~Notwithstanding Subsection (e) of this section, Group~~
19 ~~A pensioners payments under Subsection (e)(3) of this section are~~
20 ~~contingent on the city's continuing payment of city service~~
21 ~~incentive pay to Group A members on active service.~~] For purposes
22 of Subsection (e) of this section, base pay and longevity pay are
23 the amounts in effect on the earlier of the date the member begins
24 participation in DROP or the date benefits are to begin, without
25 subsequent adjustment.

26 (g) Notwithstanding Subsection (e) of this section, a Group
27 A member [~~or former Group A member~~] with 20 or more years of pension

1 service may apply for an actuarially reduced Group A retirement
2 pension beginning on or after the date the Group A member [~~or former~~
3 ~~Group A member~~] attains age 50 but before the person attains age 55.
4 The Group A member [~~or former Group A member~~] may receive a
5 retirement pension calculated under Subsection (e) of this section
6 reduced by two-thirds of one percent per month for each whole
7 calendar month the benefit is payable before the month in which the
8 Group A member [~~or former Group A member~~] attains age 55.

9 (h) Entitlement to the Group A retirement pension described
10 by this section is subject to the following conditions:

11 (1) a written application must be filed with the
12 executive director [~~administrator~~];

13 (2) the grant of a Group A retirement pension by the
14 board must be made at a meeting of the board held during the month
15 the [~~Group A~~] retirement pension is to become effective, or as soon
16 after that as administratively possible; and

17 (3) the Group A member must no longer be on active
18 service.

19 SECTION 28. Section 6.02, Article 6243a-1, Revised
20 Statutes, is amended to read as follows:

21 Sec. 6.02. GROUP B RETIREMENT PENSION. (a) If a [A] Group B
22 member [~~or former Group B member who~~] has accrued five or more years
23 of pension service, is no longer on active service with the
24 department, has not withdrawn the member's contributions, and
25 otherwise meets the age and pension service requirements under the
26 applicable provision of this section, the member may apply [~~may~~
27 ~~make application~~] for a Group B retirement pension under this

1 section. A member's benefit election application under a provision
2 of this section, once approved, is irrevocable.

3 (a-1) If a Group B pensioner returns to active service as a
4 police officer or fire fighter with the city, the person's [on
5 reaching 50 years of age, or for an actuarially reduced] Group B
6 retirement pension ceases until that person again leaves active
7 service with the city.

8 (a-2) If a Group B pensioner resumes employment with the
9 city in a capacity other than as a police officer or fire fighter,
10 the pensioner's Group B retirement pension continues during the
11 period of employment except the pensioner may not accrue additional
12 credit for pension service during this period. Additional credit
13 for pension service does not accrue during any period in which a
14 Group B pensioner becomes employed by the city unless the
15 additional credit is attributable to active service as a police
16 officer or fire fighter with the city [on reaching 45 years of age].

17 (b) A [former] Group B member who began active service
18 before March 1, 2011, and who has attained at least 50 years of age,
19 or who began active service on or after March 1, 2011, and has
20 attained at least 58 years of age, and who otherwise meets the
21 requirements of Subsection (a) of this section may elect to receive
22 a Group B retirement pension that shall be calculated as follows:

23 (1) for a member who began active service before March
24 1, 2011, the member's retirement pension shall be the sum of:

25 (A) the number of years of pension service before
26 September 1, 2017, prorated for fractional years, times three
27 percent of the average computation pay determined over the 36

1 consecutive months of pension service in which the Group B member
 2 received the highest computation pay; plus

3 (B) the number of years of pension service on or
 4 after September 1, 2017, prorated for fractional years, times the
 5 applicable percentage prescribed by Subsection (b-1) of this
 6 section of the average computation pay determined over the 60
 7 consecutive months of pension service in which the Group B member
 8 received the highest computation pay; or

9 (2) for a member who began active service on or after
 10 March 1, 2011, the member's retirement pension shall be the number
 11 of years of pension service, prorated for fractional years, times
 12 2.5 percent of the average computation pay determined over the 60
 13 consecutive months of pension service in which the member received
 14 the highest computation pay.

15 (b-1) For purposes of Subsection (b)(1)(B) of this section,
 16 the applicable percentage is based on the age of the Group B member
 17 when the member's retirement pension begins as set forth below:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
19 <u>58 and older</u>	<u>2.5%</u>
20 <u>57</u>	<u>2.4%</u>
21 <u>56</u>	<u>2.3%</u>
22 <u>55</u>	<u>2.2%</u>
23 <u>54</u>	<u>2.1%</u>
24 <u>53 and younger</u>	<u>2.0%</u>

25 (b-2) Days during which the member earned no pension service
 26 due to a termination of active service or otherwise must be
 27 disregarded in determining the 36 or 60 consecutive months of

1 highest computation pay under Subsection (b)(1) or (2) of this
2 section, as appropriate. The pension benefit calculated under
3 Subsection (b) of this section may not exceed the greater of:

4 (1) 90 percent of the member's average computation pay
5 determined under the applicable subsection; or

6 (2) the vested and accrued benefit of a member as
7 determined on August 31, 2017. [~~or Group B pensioner who withdrew~~
8 any of the person's Plan B or Group B contributions and who on again
9 becoming a Group B member does not replace such previously
10 withdrawn contributions with interest thereon as provided by
11 Section 4.04 of this article must earn at least five years of
12 pension service after the time the person returns to active service
13 to be eligible for a Group B retirement pension.]

14 (c) Except as provided by Subsection (c-2) of this section,
15 [~~Entitlement to~~] a Group B member who has either attained at least
16 45 years of age on September 1, 2017, or who attains at least 53
17 years of age after September 1, 2017, and who otherwise meets the
18 requirements of Subsection (a) of this section may elect to receive
19 an actuarially reduced Group B retirement pension calculated in
20 accordance with Subsection (c-1) of this section:

21 (1) not earlier than the member's 45th or 53rd
22 birthday, as applicable; and

23 (2) not later than the member's 50th or 58th birthday,
24 as applicable.

25 (c-1) Except as provided by Subsection (c-2) of this section
26 and subject to Section 6.021 of this article, a Group B member who
27 applies for an actuarially reduced Group B retirement pension under

1 Subsection (c) of this section shall receive a pension calculated
2 under Subsection (b) of this section, reduced by two-thirds of one
3 percent per month, for each whole calendar month the benefit is
4 payable before the month in which the member attains:

5 (1) for members who attained at least 45 years of age
6 on September 1, 2017, 50 years of age; or

7 (2) for members not described by Subdivision (1) of
8 this subsection who attain at least 53 years of age after September
9 1, 2017, 58 years of age.

10 (c-2) If, for purposes of Subsection (c-1) of this section,
11 a Group B member's pension benefit calculated under Subsection (b)
12 of this section is equal to 90 percent of the member's average
13 computation pay, the member is entitled to a Group B retirement
14 pension under Subsection (c) of this section at 45 or 53 years of
15 age, as applicable, that is not actuarially reduced as provided
16 under Subsection (c-1) of this section [~~retirement pension as~~
17 ~~described by Subsection (a) or (b) of this section is subject to the~~
18 ~~following conditions:~~

19 [~~(1) written application must be filed with the~~
20 ~~administrator,~~

21 [~~(2) the grant of the Group B retirement pension by the~~
22 ~~board must be made at a meeting of the board held during the month~~
23 ~~the Group B retirement pension is to become effective, or as soon~~
24 ~~after that as possible, and~~

25 [~~(3) the Group B member may no longer be on active~~
26 ~~service].~~

27 (d) Except as provided by Subsection (d-2) of this section,

1 a [A] Group B member who has accrued 20 or more years of pension
 2 service and has been on active service at any time on or after
 3 January 1, 1999, may elect to apply for a Group B retirement pension
 4 beginning at any time after the Group B member leaves active
 5 service, regardless of age. A Group B member may elect a Group B
 6 retirement pension under this subsection as follows:

7 (1) if the member accrued 20 or more years of pension
 8 service on or before September 1, 2017, the member may elect a
 9 pension under this subsection that is computed in the same manner as
 10 the Group B retirement pension under Subsection (b)(1) of this
 11 section except that the percentage set forth below must be used
 12 instead of the three percent multiplier prescribed by Subsection
 13 (b)(1)(A) of this section:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
<u>48 and 49</u>	<u>2.75%</u>
<u>47</u>	<u>2.5%</u>
<u>46</u>	<u>2.25%</u>
<u>45 and younger</u>	<u>2%; and</u>

19 (2) except as provided by Subsection (d-2) of this
 20 section and subject to Section 6.021 of this article, if the member
 21 accrued 20 or more years of pension service after September 1, 2017,
 22 the member may elect a pension under this subsection computed in the
 23 same manner as the Group B retirement pension under Subsection
 24 (b)(2) of this section except that the percentage set forth below
 25 must be used instead of the 2.5 percent multiplier prescribed by
 26 Subsection (b)(2) of this section:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
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1	<u>57</u>	<u>2.4%</u>
2	<u>56</u>	<u>2.3%</u>
3	<u>55</u>	<u>2.2%</u>
4	<u>54</u>	<u>2.1%</u>
5	<u>53 and younger</u>	<u>2.0%</u>

6 (d-1) A member who elects a pension under Subsection (d) of
7 this section is not entitled to:

8 (1) minimum benefits under either Section 6.10A or
9 6.11 of this article; or

10 (2) benefits under Subsection (g) of this section.

11 (d-2) If, for purposes of Subsection (d) of this section, a
12 Group B member's pension benefit calculated under Subsection (b) of
13 this section is equal to 90 percent of the member's average
14 computation pay, the member is entitled to a Group B retirement
15 pension under Subsection (d) of this section that is not reduced as
16 provided under Subsection (d)(1) or (2) of this section [~~retirement~~
17 ~~pension shall be computed at the rate of three percent of the~~
18 ~~average computation pay determined over the 60 consecutive months~~
19 ~~in which the Group B member received the highest computation pay,~~
20 ~~multiplied by the number of years, prorated for fractional years,~~
21 ~~of pension service to a maximum of 32 years of pension service or 96~~
22 ~~percent of the computation pay as determined under this~~
23 ~~subsection].~~

24 (e) A [~~However, a~~] Group B member or former Group B member
25 with 34 or more years of pension service as of April 30, 1990, is
26 entitled to [~~shall~~] receive the greater of a Group B retirement
27 pension calculated under the terms of Plan B as in effect on that

1 date or a Group B retirement pension calculated pursuant to
2 Subsection (b) [~~(d)~~] of this section.

3 [~~(f)~~ ~~A Group B member, or any former Group B member who was a~~
4 ~~Group B member as of any date after April 30, 1990, may apply for an~~
5 ~~actuarially reduced Group B retirement pension beginning no earlier~~
6 ~~than the person's 45th birthday but before the person's 50th~~
7 ~~birthday. A Group B member or former Group B member who applies for~~
8 ~~an actuarially reduced Group B retirement pension beginning on or~~
9 ~~after the person's 45th birthday shall receive a pension calculated~~
10 ~~under Subsection (d) of this section, reduced by two-thirds of one~~
11 ~~percent per month for each whole calendar month the pension would be~~
12 ~~payable before the month in which the Group B member or former Group~~
13 ~~B member attains age 50.~~]

14 (g) In no event may any Group B member [~~or former Group B~~
15 ~~member~~] who was at any time a Group A member or a contributing
16 member of the old plan or Plan A, and who satisfied the applicable
17 age and length-of-service requirements of the applicable plan at
18 the time the person left active service, receive a retirement
19 pension in an amount less than the amount the person would be
20 entitled to receive as a Group A member.

21 (h) Notwithstanding any other provision of this section, a
22 [~~A former~~] Group B member who was not a Group B member on or after
23 January 1, 1993 [~~May 1, 1990~~], shall receive a retirement pension
24 calculated under the applicable provisions of Plan B [~~this plan~~] as
25 that plan existed [~~in effect~~] on the date the member terminated
26 [~~person left~~] active service.

27 (i) Entitlement to a Group B retirement pension under

1 Subsection (b), (c), (d), or (e) of this section is subject to the
2 following conditions:

3 (1) a written application must be filed with the
4 executive director;

5 (2) the grant of the Group B retirement pension by the
6 board must be made at a meeting of the board held during the month
7 the retirement pension is to become effective, or as soon after as
8 administratively possible; and

9 (3) the Group B member may no longer be on active
10 service [~~A former Group B member who was not a Group B member after~~
11 ~~April 30, 1990, may request an actuarially reduced retirement~~
12 ~~pension beginning no earlier than the person's 45th birthday but~~
13 ~~before the person's 50th birthday]. [A former Group B member~~
14 ~~described by this subsection shall receive a retirement pension~~
15 ~~under the applicable provisions of Plan B as in effect on the date~~
16 ~~the person left active service, reduced by two-thirds of one~~
17 ~~percent per month for each whole calendar month the pension would be~~
18 ~~payable before the month in which the former Group B member attains~~
19 ~~age 50.]~~

20 SECTION 29. Part 6, Article 6243a-1, Revised Statutes, is
21 amended by adding Sections 6.021 and 6.022 to read as follows:

22 Sec. 6.021. AUTHORITY TO ADOPT ALTERNATIVE MULTIPLIERS FOR
23 COMPUTATION OF CERTAIN GROUP B BENEFITS. (a) For purposes of
24 Section 6.02(c-1) or (d)(2) of this article, the board by rule may
25 adopt alternative multipliers, including an alternative table
26 prescribing actuarially appropriate multipliers. In adopting
27 rules under this subsection, the board shall designate the date on

1 which the alternative multiplier shall take effect.

2 (b) Copies of any alternative multipliers adopted under
3 this section must be maintained at the principal office of the
4 pension system and published on the pension system's publicly
5 available Internet website.

6 Sec. 6.022. AUTHORITY TO REDUCE RETIREMENT AGE.

7 Notwithstanding any other law, the board may reduce the age at which
8 a Group B member is eligible to begin receiving a retirement
9 pension, including an actuarially reduced retirement pension,
10 under Section 6.02 of this article if the board determines that the
11 reduction will not cause the amortization period of the unfunded
12 actuarial accrued liability of the pension system to exceed 25
13 years, after taking into account the impact of the reduction. A
14 board action under this section may not take effect until the State
15 Pension Review Board reviews the board's determination described by
16 this section.

17 SECTION 30. Section 6.03, Article 6243a-1, Revised
18 Statutes, is amended by amending Subsections (a), (d), (f), and (g)
19 and adding Subsections (k) and (l) to read as follows:

20 (a) If a member who is on active service, other than a member
21 participating in DROP, becomes disabled to the extent that the
22 member cannot perform the member's duties with the member's
23 department, the member may apply for a disability pension, subject
24 to [~~in accordance with~~] any uniform and nondiscriminatory
25 disability application procedure and recall and review procedure
26 adopted by the board and in effect from time to time.

27 (d) No disability pension may be paid to a member for any

1 disability if the disability was a result of an intentionally
2 self-inflicted injury or a chronic illness resulting from an
3 addiction by the member through a protracted course of [~~noncoerced~~]
4 indulgence in alcohol, narcotics, or other substance abuse that was
5 not coerced.

6 (f) No disability pension may be paid if the chief of the
7 member's department is able to provide the member with duties that
8 are within the member's physical or mental capabilities, [~~as long~~
9 ~~as the board agrees that the duties are within the member's~~
10 ~~capabilities,~~] even though the duties are different from the duties
11 the member performed before the disability.

12 (g) Written application for a disability pension must be
13 filed with the executive director not later than the 180th day after
14 the date the member leaves active service [~~administrator~~]. The
15 application must be accompanied by a recommendation from the health
16 director. This recommendation shall contain a statement indicating
17 whether the member became disabled while the member was on duty or
18 off duty and whether the disability was service-connected or was
19 not service-connected [~~nonservice-connected~~].

20 (k) For purposes of Sections 6.04 and 6.05 of this article
21 and this section:

22 (1) longevity pay and incentive pay are the amounts in
23 effect on the date the benefits are to begin, without subsequent
24 adjustment; and

25 (2) except as provided by Section 6.05(b-1) of this
26 article, base pay is the amount in effect on the date benefits are
27 to begin, without subsequent adjustment.

1 (1) Notwithstanding any other law, Subchapter B, Chapter
2 607, Government Code, applies to all members without regard to the
3 employing department or job assignment.

4 SECTION 31. Part 6, Article 6243a-1, Revised Statutes, is
5 amended by adding Section 6.035 to read as follows:

6 Sec. 6.035. DISABILITY BENEFITS FOR CERTAIN PERSONS IN
7 UNIFORMED SERVICES. (a) In this section, "uniformed services" has
8 the meaning assigned by the federal Uniformed Services Employment
9 and Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et
10 seq.).

11 (b) This section applies to a person who was released from
12 the uniformed services after December 17, 2001, under conditions
13 that would have made the person eligible for benefits under Section
14 414(u) of the code if the person could have returned to active
15 service.

16 (c) If a person subject to this section was unable to return
17 to active service by reason of disability incurred while on a leave
18 of absence due to service in the uniformed services, that person is
19 entitled to a regular disability pension in accordance with Section
20 6.03 of this article, calculated in accordance with Section 6.04 of
21 this article.

22 (d) Notwithstanding Section 6.03(g) of this article, a
23 written application for a disability pension must be filed not
24 later than the 180th day after the date of the person's release from
25 the uniformed services.

26 (e) A person subject to this section is entitled to receive
27 pension service for the period of service with the uniformed

1 services only to the extent that contributions are made for that
2 period in accordance with this article.

3 SECTION 32. Section 6.04, Article 6243a-1, Revised
4 Statutes, is amended to read as follows:

5 Sec. 6.04. CALCULATION OF REGULAR [~~GROUP A~~] DISABILITY
6 BENEFITS [~~PENSION~~]. (a) Subject to Subsection (g) of this section,
7 if [~~If~~] a Group A member's application for a Group A disability
8 pension has been approved by the board pursuant to Section 6.03 of
9 this article, including any procedures adopted under that section,
10 the Group A member may elect to receive a Group A disability pension
11 calculated:

12 (1) in the same manner as the benefit under Sections
13 6.01(b) and (c) of this article; or

14 (2) under Subsection (c) [~~(b)~~] of this section.

15 (b) An election under Subsection (a) of this section, once
16 approved by the board [~~made~~], is irrevocable.

17 [~~(b) When a Group A member elects to accept a Group A~~
18 ~~disability pension under this section, it shall be calculated as~~
19 ~~provided by Subsections (c), (d), and (e) of this section.~~]

20 (c) Subject to Subsection (g) of this section, [~~If~~] a Group
21 A [~~member's disability results during the performance of duties~~
22 ~~with either department, the~~] member who elects to have benefits
23 determined under this subsection is entitled to a monthly
24 disability pension calculated as follows:

25 (1) at a rate of three percent of base pay for each
26 year, prorated for fractional years, of pension service, with a
27 [~~minimum of 20 years of pension service being deemed credited and a~~]

1 maximum of 32 years of pension service being credited, or 96 percent
2 of base pay ~~[or]~~, except that if the Group A member had 34 or more
3 years of pension service as of April 30, 1990 ~~[May 1, 1990]~~, the
4 member is entitled to ~~[shall]~~ receive the greater of a disability
5 pension calculated under the terms of the combined pension plan in
6 effect on that date or as calculated under this subdivision; plus

7 (2) one-half of the longevity pay the Group A member
8 was receiving at the time the member left active service; plus

9 (3) subject to Subsection (d) of this section,
10 1/24th~~[, without subsequent adjustment,]~~ of the annualized amount
11 of city service incentive pay the Group A member received at the
12 time the member left active service.

13 (c-1) The disability pension calculated under Subsection
14 (c) of this section may not exceed the greater of:

15 (1) 90 percent of the member's average base pay
16 determined under the applicable subsection; or

17 (2) the vested and accrued disability pension of the
18 member as determined on August 31, 2017.

19 (d) Payments of the amounts described by ~~[Notwithstanding~~
20 ~~Subsection (c) of this section, the amount of a disability~~
21 ~~retirement benefit of a Group A pensioner who is on disability~~
22 ~~retirement under]~~ Subsection (c)(3) of this section are ~~[is]~~
23 contingent on the city's continuing payment of city service
24 incentive pay to Group A members on active service. ~~[For purposes~~
25 ~~of this subsection, base pay and longevity pay are the amounts in~~
26 ~~effect on the date the benefits are to begin, without subsequent~~
27 ~~adjustment.]~~

1 (e) If a Group B [A] member's application for a Group B
2 disability pension has been approved by the board under Section
3 6.03 of this article, including any procedures adopted under that
4 section, the Group B member may elect to receive a Group B
5 disability pension calculated in the manner described by Subsection
6 (f) or (f-1) of this section, subject to Subsection (g) of this
7 section [~~disability does not result during the performance of the~~
8 ~~member's duties with either department, the member is entitled to a~~
9 ~~monthly disability pension calculated:~~

10 [~~(1) at a rate of three percent of base pay for each~~
11 ~~year, prorated for fractional years, of pension service, with a~~
12 ~~maximum of 32 years of pension service, or 96 percent of base pay,~~
13 ~~except that if the Group A member had 34 or more years of pension~~
14 ~~service as of April 30, 1990, the member shall receive the greater~~
15 ~~of a disability pension calculated under the combined pension plan~~
16 ~~in effect on that date or as calculated under this subdivision; plus~~

17 [~~(2) one-half of the longevity pay the Group A member~~
18 ~~was receiving at the time the member left active service; plus~~

19 [~~(3) 1/24th of the annualized amount of city service~~
20 ~~incentive pay the Group A member received at the time the member~~
21 ~~left active service, without regard to any subsequent adjustment].~~

22 (f) Subject to Subsections (f-1), (f-3), and (g) of this
23 section, the disability pension of a Group B member shall be
24 calculated as follows:

25 (1) for a member who began active service before March
26 1, 2011, the member's disability pension shall be the sum of:

27 (A) the member's number of years of pension

1 service earned before September 1, 2017, prorated for fractional
2 years, times three percent of the average computation pay
3 determined over the 36 consecutive months of pension service in
4 which the member received the highest computation pay; plus

5 (B) the number of years of pension service,
6 including pension service credit imputed under Section 6.05(c) of
7 this article, earned on or after September 1, 2017, prorated for
8 fractional years, times the applicable percentage prescribed by
9 Section 6.02(b-1) of this article of the average computation pay
10 determined over the 60 consecutive months of pension service in
11 which the member received the highest computation pay; or

12 (2) for a member who began active service on or after
13 March 1, 2011, the member's disability pension shall be the number
14 of years of pension service, including pension service credit
15 imputed under Section 6.05(c) of this article, prorated for
16 fractional years, times 2.5 percent of the average computation pay
17 determined over the 60 consecutive months of pension service in
18 which the member received the highest computation pay.

19 (f-1) Notwithstanding Subsection (f) of this section, for a
20 Group B member who had 34 or more years of pension service as of
21 April 30, 1990, the member is entitled to receive the greater of a
22 disability pension calculated under the terms of Plan B in effect on
23 April 30, 1990, or calculated under Subsection (f) of this section.

24 (f-2) For purposes of Subsections (f) and (f-1) of this
25 section:

26 (1) any partial year of pension service for a Group B
27 member's first 20 years of pension service is counted as a full year

1 of pension service, if the member was considered by the member's
2 department to have worked a normal full-time schedule at the time of
3 the disability;

4 (2) if the member has less than 36 or 60 consecutive
5 months of pension service, as applicable, the member's average
6 computation pay will be computed based on the member's entire
7 pension service; and

8 (3) days during which the member earned no pension
9 service due to a termination of active service or otherwise must be
10 disregarded in determining the 36 or 60 consecutive months of
11 highest computation pay.

12 (f-3) The disability pension calculated under Subsection
13 (f) or (f-1) of this section may not exceed the greater of:

14 (1) 90 percent of the member's average computation pay
15 determined under the applicable subsection; or

16 (2) the vested and accrued disability pension of the
17 member as determined on August 31, 2017 [~~Payments of the amounts~~
18 ~~described by Subsection (e)(3) of this section are contingent on~~
19 ~~the city's continuing payment of city service incentive pay to~~
20 ~~Group A members on active service].~~

21 (g) The disability pension calculated in accordance with
22 this section, including both a Group A benefit described by
23 Subsection (a) of this section and a Group B benefit described by
24 Subsection (f) of this section, shall be reduced dollar-for-dollar
25 by any monthly disability compensation benefit received under
26 Section 6.05 of this article. If the monthly disability
27 compensation benefit provided to a member under Section 6.05 of

1 this article equals or exceeds any benefit the member is entitled to
2 under this section or Section 6.01(b) or (c) of this article, the
3 member may not receive the benefit under this section [~~For purposes~~
4 ~~of Subsection (e)(3) of this section, base pay and longevity pay are~~
5 ~~the amounts in effect on the date the benefits are to begin, without~~
6 ~~subsequent adjustment~~].

7 SECTION 33. The heading to Section 6.05, Article 6243a-1,
8 Revised Statutes, is amended to read as follows:

9 Sec. 6.05. COMPENSATION BENEFITS FOR SERVICE-CONNECTED
10 [~~CALCULATION OF GROUP B~~] DISABILITY [~~BENEFITS~~].

11 SECTION 34. Section 6.05, Article 6243a-1, Revised
12 Statutes, is amended by amending Subsections (a), (b), and (c) and
13 adding Subsection (b-1) to read as follows:

14 (a) If a member leaves active service at any time due to
15 disability and the board determines that the member with the
16 disability became unable to perform the member's duties with the
17 member's department due to an injury or sickness incurred in the
18 performance of the member's duties, the member is entitled to
19 periodic disability compensation benefits in accordance with this
20 section [~~Group B member's application for a Group B disability~~
21 ~~pension has been approved by the board pursuant to Section 6.03 of~~
22 ~~this article, including any procedures adopted under that section,~~
23 ~~the Group B member may, depending on the circumstances, elect to~~
24 ~~receive a Group B disability pension calculated in the manner~~
25 ~~described by Subsection (b) or (c) of this section~~].

26 (b) Subject to Subsection (b-1), [~~IF~~] a Group A [~~B~~] member
27 whose disability, as determined by the board, was caused by an

1 injury or sickness incurred in the performance of the member's duty
2 shall receive a monthly benefit equal to 60 percent of the member's
3 base pay. For purposes of this subsection, "base pay" is the amount
4 in effect on the date compensation benefits under this section are
5 to begin, without subsequent adjustment.

6 (b-1) Instead of receiving a periodic disability
7 compensation benefit under Subsection (b) of this section, a Group
8 A member who is entitled to periodic disability compensation
9 benefits under this section may elect, before the benefits begin,
10 to receive those benefits as a monthly benefit equal to 50 percent
11 of the member's base pay adjusted from time to time to reflect
12 changes in base pay that occur after the member began receiving a
13 monthly compensation benefit under this section ~~[becomes disabled~~
14 ~~during the performance of the member's duties with either~~
15 ~~department, the member is entitled to a monthly disability pension~~
16 ~~calculated at a rate of three percent of the average computation pay~~
17 ~~determined over the 60 consecutive months in which the Group B~~
18 ~~member received the member's highest computation pay multiplied by~~
19 ~~the number of years, prorated for fractional years, of the member's~~
20 ~~pension service with a minimum of 20 years of pension service being~~
21 ~~deemed credited, or 60 percent of average computation pay~~
22 ~~determined over the 60 consecutive months in which the Group B~~
23 ~~member received the member's highest computation pay, except that~~
24 ~~if the Group B member has less than five years of pension service,~~
25 ~~the Group B member's average computation pay will be computed based~~
26 ~~on the member's entire pension service. If a Group B member had 34~~
27 ~~or more years of pension service as of April 30, 1990, the Group B~~

1 ~~member is entitled to receive the greater of a Group B disability~~
2 ~~pension calculated under the terms of Plan B in effect on that date~~
3 ~~or calculated pursuant to this subsection].~~

4 (c) A ~~[The Group B disability pension for any]~~ Group B
5 member whose disability, as determined by the board, was caused by
6 an injury or sickness incurred in the performance of the member's
7 duty shall receive a monthly benefit equal to the disability
8 pension under Sections 6.04(f), (f-1), (f-2), and (f-3) of this
9 article except that if the member:

10 (1) does not have 20 years of pension service, the
11 member is considered to have 20 years of pension service for the
12 purposes of calculating the disability pension under that section;
13 and

14 (2) has less than 36 or 60 consecutive months, as
15 applicable, of employment with the department, the member's average
16 computation pay will be computed based on all the member's
17 computation pay, and days during which the member earned no pension
18 service due to a termination of active service or otherwise must be
19 disregarded in determining either the 36 or 60 consecutive months
20 of highest computation pay ~~[does not result during the performance~~
21 ~~of the member's duties with either department shall be computed at a~~
22 ~~rate of three percent of the average computation pay determined~~
23 ~~over the 60 consecutive months in which the Group B member received~~
24 ~~the member's highest computation pay multiplied by the number of~~
25 ~~years, prorated for fractional years, of the member's pension~~
26 ~~service, except that any partial year of pension service for the~~
27 ~~first 20 years of pension service shall be counted as a full year of~~

1 ~~pension service. If the Group B member has less than five years of~~
 2 ~~pension service, the Group B member's average computation pay will~~
 3 ~~be computed based on the member's entire pension service, and if a~~
 4 ~~Group B member had 34 or more years of pension service as of April~~
 5 ~~30, 1990, the Group B member is entitled to receive the greater of a~~
 6 ~~disability pension calculated under the terms of Plan B in effect on~~
 7 ~~that date or calculated pursuant to this subsection].~~

8 SECTION 35. Section 6.05(d), Article 6243a-1, Revised
 9 Statutes, is redesignated as Section 6.055, Article 6243a-1,
 10 Revised Statutes, and amended to read as follows:

11 Sec. 6.055. REDUCTION IN DISABILITY OR COMPENSATION
 12 BENEFITS FOR CERTAIN PERSONS. (a) In this section, "earned income"
 13 means income earned by a Group B pensioner in the form of wages,
 14 salaries, commissions, fees, tips, unemployment benefits, and
 15 other amounts received by virtue of employment or self-employment
 16 but paid before any deduction for taxes or insurance. In addition,
 17 earned income also includes those amounts contributed on a
 18 before-tax basis to any retirement plan or employee health and
 19 welfare benefit plan.

20 (b) [(d)] The board shall require any Group B pensioner who
 21 became a member of Plan B or the combined pension plan on or after
 22 May 1, 1990, and who is receiving a Group B disability pension under
 23 Section 6.04 of this article or a periodic disability compensation
 24 under Section 6.05 of this article [~~in accordance with Subsection~~
 25 ~~(b) or (c) of this section]~~ to provide the board annually, on or
 26 before July 1 [~~May 1~~] of each year, with a true and complete copy of
 27 those portions of the person's federal and, if applicable, state

1 tax return, including appropriate schedules, for the previous
2 calendar year that indicate the person's occupations, if any, and
3 earned income for the previous calendar year. If the pensioner did
4 not file a tax return for the previous calendar year, the board may
5 require other documentation reflecting the pensioner's occupation
6 or earned income that the board determines appropriate.

7 (c) The pension system [~~However, the board~~] may waive the
8 July 1 [~~May 1~~] date under Subsection (b) of this section in lieu of
9 one later in the same calendar year if the Group B pensioner
10 provides the board with a true and complete copy of a grant of an
11 extension of time for the filing of the person's tax return from the
12 appropriate governmental agency or a true and complete copy of an
13 extension request that results in any automatic extension.

14 (d) If, after evaluating the information received under
15 Subsection (b) of this section, the board finds the Group B
16 pensioner is or has been receiving earned income from one or more
17 employments, including self-employment, during the preceding year,
18 the board shall reduce future disability retirement [~~pension~~]
19 payments to the Group B pensioner in accordance with the following
20 formula: \$1 for each \$1 that the sum of "a" + "b" is greater than
21 "c," where "a" is the earned income of the Group B pensioner
22 attributable to the previous calendar year from the person's
23 employments, "b" is the total amount of Group B disability
24 retirement payments [~~pension~~] received by the Group B pensioner the
25 previous calendar year, and "c" is the annualized amount of the
26 average computation pay the Group B pensioner received as of the
27 date the person left active service.

1 (e) For purposes of the [~~this~~] computation under Subsection
 2 (d) of this section, the average computation pay shall be deemed
 3 increased at a rate of 2.75 percent [~~of four percent simple~~
 4 ~~interest~~], without compounding during the year, as of each January
 5 1 that the Group B pensioner receives a Group B disability
 6 retirement payment [~~pension~~].

7 SECTION 36. Section 6.06, Article 6243a-1, Revised
 8 Statutes, is amended by amending Subsections (b), (e), (f), (g),
 9 (h), (j), (k), (l), (m), (n), (o), (p), (q), (r), and (t) and adding
 10 Subsections (e-1), (e-2), (j-1), (o-1), (o-2), (u), and (v) to read
 11 as follows:

12 (b) A written application for benefits must be filed with
 13 the executive director [~~administrator~~].

14 (e) If [~~the qualified~~] surviving children of a primary party
 15 are not qualified survivors entitled to death benefits, the
 16 [~~qualified surviving~~] spouse of the primary party who is a
 17 qualified survivor is entitled only to receive a share of the death
 18 benefits in the amount calculated under Section 6.07(a) [~~or (b)~~] or
 19 Section 6.08(b)(1), (c)(1), (d)(1), or (e)(1) of this article,
 20 whichever is applicable, and is not entitled to what otherwise
 21 would be the [~~qualified~~] surviving children's share.

22 (e-1) If a primary party had [~~there is~~] no [~~qualifying~~]
 23 surviving spouse, any [~~qualified~~] surviving child who is a
 24 qualified survivor [~~children~~] shall receive only the amount
 25 calculated under Section 6.07(a) [~~or (b)~~] or Section 6.08(b)(2),
 26 (c)(2), (d)(2), or (e)(2) of this article, whichever is applicable,
 27 and is [~~are~~] not entitled to what otherwise would be the [~~qualified~~]

1 surviving spouse's share.

2 (e-2) If a primary party does not have a ~~[there is no~~
3 ~~qualified surviving]~~ spouse or ~~[qualified surviving]~~ children who
4 are qualified survivors, any ~~[qualified]~~ dependent parent of the
5 primary party who is a qualified survivor shall receive only the
6 amount calculated under Section 6.07(c) or Section 6.08(b)(3),
7 (d)(3), or (e)(3) of this article, whichever is applicable, and is
8 not entitled to what otherwise would be the ~~[qualified]~~ surviving
9 spouse's or ~~[qualified]~~ surviving children's share.

10 (f) The total monthly death benefits ~~[benefit]~~ received by
11 the qualified survivors of a primary party under this article,
12 including the primary party's ~~[surviving]~~ spouse, ~~[qualified~~
13 ~~surviving]~~ children, or ~~[qualified]~~ dependent parents, ~~[parent]~~
14 may not exceed the pension to which the deceased primary party was
15 entitled per month.

16 (g) If there is no surviving spouse or legal guardian for
17 the ~~[qualified]~~ surviving children of a primary party who are
18 qualified survivors and if the board determines that the
19 ~~[qualified]~~ surviving children lack the discretion to handle money,
20 or in other appropriate circumstances, notwithstanding any other
21 provision of this section, the board may request a court of
22 competent jurisdiction to appoint a suitable person to receive and
23 administer the ~~[qualified]~~ surviving children's money or in those
24 circumstances described in Subsection (n) of this section, appoint
25 a new trustee to administer the ~~[qualified]~~ surviving children's
26 ~~[support]~~ trust.

27 (h) With the exception of a ~~[support]~~ trust described in

1 Subsection (n) of this section, no death benefits awarded to
 2 ~~[qualified]~~ surviving children may be used for any purpose other
 3 than to benefit the ~~[qualified]~~ surviving children. ~~[The board may~~
 4 ~~withhold payment of benefits if it has reason to believe the~~
 5 ~~benefits are not being properly applied.]~~

6 (j) With the exception of those circumstances described in
 7 Subsection (n) of this section, death benefits payable ~~[paid]~~ to
 8 ~~[qualified]~~ surviving children ~~[living with a person other than the~~
 9 ~~surviving spouse]~~ shall be delivered to the legal guardian of the
 10 estate of the surviving children if one has been appointed and the
 11 pension system has been provided proof of the appointment. If no
 12 legal guardian has been appointed, death benefits shall be
 13 delivered to one of the following persons, provided there is
 14 evidence that the person is ~~[person with whom the qualified~~
 15 ~~surviving children are living, if the board has designated the~~
 16 ~~person as being]~~ a suitable person to receive and administer the
 17 benefits:

18 (1) the surviving spouse with whom the child resides;

19 or

20 (2) the adult head of the household with whom the child
 21 resides, if the child does not reside with the surviving spouse.

22 (j-1) In accordance with Subsection (h) of this section, the
 23 recipient of a surviving child's death benefits under Subsection
 24 (j) of this section must use the death benefits to benefit the
 25 child. The board may ~~[, however,]~~ withhold payment of benefits to
 26 anyone, if presented with evidence that the death benefits are not
 27 being used to benefit the surviving child ~~[but the legal guardian of~~

1 ~~the qualified surviving children and may require proof that a~~
2 ~~person has been appointed legal guardian of the qualified surviving~~
3 ~~children before authorizing any benefits to be delivered to that~~
4 ~~person].~~

5 (k) Dependent ~~[The qualified surviving dependent]~~ parents
6 of a primary party ~~[member]~~ who are entitled to receive death ~~[any~~
7 ~~survivor]~~ benefits provided by this article may only receive the
8 benefits for the remainder of the dependent parents' ~~[their]~~ lives.

9 (l) The pension system ~~[board]~~ may require all qualified
10 survivors ~~[persons]~~ receiving death benefits~~[, including qualified~~
11 ~~surviving spouses, qualified surviving children or their~~
12 ~~guardians, and qualified surviving dependent parents,]~~ to file
13 ~~[with the administrator, at least once every two years,]~~ a sworn
14 statement with the executive director concerning the qualified
15 survivor's ~~[their]~~ eligibility to continue to receive death
16 benefits at least once every two years, or at any other time the
17 executive director considers a sworn statement to be appropriate to
18 evidence the continued eligibility of the qualified survivor. ~~[The~~
19 ~~board may also require a sworn statement from any person receiving~~
20 ~~death benefits at any time.]~~ The board may withhold death benefits
21 from any person who fails or refuses to file a statement when
22 requested to do so.

23 (m) When the last qualified survivor of any primary party
24 becomes ineligible to continue to receive death benefits, ~~[that~~
25 ~~survivor shall be paid in a lump sum]~~ an amount equal to the excess
26 ~~[difference]~~, if any, of ~~[between]~~ the total amount of all
27 contributions made to the fund by the primary party while a member

1 over [~~7, and~~] the sum of all benefits paid to the primary party and
 2 all of the primary party's [~~his~~] qualified survivors shall be paid
 3 in a lump sum to the last person to receive benefits as a qualified
 4 survivor or, if none exists, to the member's designee. The total
 5 amount to be paid in benefits to the primary party and all qualified
 6 survivors shall never be less than the total amount of
 7 contributions the primary party made to the fund while a member.

8 (n) Notwithstanding any other provision of this section:

9 (1) [~~7~~] death benefits awarded to an unmarried child
 10 who is a qualified survivor [~~surviving child of a primary party~~] who
 11 is determined by the board to be disabled [~~handicapped~~] under the
 12 terms of Subsection (o-2) [~~(o)~~] of this section may be paid to the
 13 trustee of a management trust, supplemental needs or special needs
 14 trust, or comparable trust [~~support trust~~] established for the
 15 benefit of the child, if the trust meets the requirements set forth
 16 in a procedure adopted from time to time by the board [~~qualified~~
 17 ~~surviving child if:~~

18 [~~(1) an opinion of counsel of the trustee of the~~
 19 ~~support trust is furnished to the board indicating that payments~~
 20 ~~made to the support trust will not, under existing law, be~~
 21 ~~considered a resource of the qualified surviving child under Title~~
 22 ~~42, Section 1396(a)(17), of the United States Code or any successor~~
 23 ~~statute, as well as applicable state law or regulations governing~~
 24 ~~the situation]; and~~

25 (2) as soon as practicable after the pension system
 26 has knowledge of an event listed in this subdivision, the pension
 27 system shall terminate payment of death benefits to a [~~coincident~~

1 ~~with the furnishing of the opinion of counsel, the board is provided~~
2 ~~with an executed original of the support trust document for the~~
3 ~~records of the pension system;~~

4 ~~[(3) the terms of the trust provide that the board will~~
5 ~~receive an annual accounting of the support trust from its trustee,~~
6 ~~although the board has no legal responsibility to oversee the~~
7 ~~support trust; and~~

8 ~~[(4) the support]~~ trust described by Subdivision (1) of
9 this subsection effective ~~[will terminate as soon as practicable]~~
10 on the earlier occurrence of the following events:

11 (A) the date as of ~~[on]~~ which the ~~[qualified~~
12 ~~surviving]~~ child is determined by the board to no longer be disabled
13 ~~[handicapped]~~ under the terms of this section;

14 (B) the date on which the ~~[qualified surviving]~~
15 child is lawfully married;

16 (C) the date on which the ~~[qualified surviving]~~
17 child is deceased;

18 (D) the date on which the pension system becomes
19 aware that the assets of the ~~[support]~~ trust are deemed to be the
20 resources of the child under applicable federal or state laws or
21 regulations; or

22 (E) if ~~[unless otherwise excused by the board,]~~
23 the trustee of the child's ~~[support]~~ trust fails to provide a court
24 of competent jurisdiction ~~[the board]~~ with an annual accounting of
25 the child's trust, the date occurring ~~[within]~~ six months after the
26 date of the close of the ~~[support]~~ trust's fiscal year.

27 (o) When a child who, as a qualified survivor, ~~[surviving]~~

1 ~~child who~~] is entitled to receive death benefits under this article
 2 reaches the age of 19, the [~~qualified surviving~~] child may no longer
 3 participate in the division of the benefits, but the same
 4 undiminished [~~qualified surviving~~] child's share as determined by
 5 this section shall be paid to any remaining [~~qualified surviving~~]
 6 children who are qualified survivors who remain eligible to
 7 continue to receive death benefits.

8 (o-1) If benefits are no longer payable to the trust
 9 described in Subsection (n)(1) of this section in accordance with
 10 Subsection (n)(2) of this section, the benefits are divisible and
 11 payable to any remaining children who are qualified survivors who
 12 remain eligible to receive death benefits.

13 (o-2) If an unmarried child [under 19 years of age.
 14 ~~However, a handicapped qualified surviving child may not be removed~~
 15 ~~from participation in the division of benefits on reaching the age~~
 16 ~~of 19 nor may the child be barred from original participation at any~~
 17 ~~time after reaching the age of 19, and the payments shall continue~~
 18 ~~for the duration of the handicap. If a qualified surviving child is~~
 19 ~~not married and], after cessation of entitlement to death benefits~~
 20 ~~[(-)because of attainment of age 19(-) but before age 23], becomes~~
 21 disabled before age 23 [handicapped], the child is entitled to
 22 participate in the division of death benefits under this article.
 23 Notwithstanding the preceding, all death benefits granted under
 24 this subsection are conditioned on the board finding that:

25 (1) the [~~qualified surviving~~] child is so physically
 26 or mentally disabled [~~handicapped~~], either congenitally or through
 27 injury suffered or disease contracted, as to be unable to be

1 self-supporting or to secure and hold gainful employment or pursue
2 an occupation;

3 (2) the [~~qualified surviving~~] child is not married;

4 (3) the disability [~~handicap~~] was not the result of an
5 occupational injury for which the [~~qualified surviving~~] child
6 received compensation equal to or greater than that provided under
7 this article;

8 (4) the disability [~~handicap~~] was not the result of an
9 intentional self-inflicted injury or a chronic illness itself
10 resulting from an addiction of the [~~qualified surviving~~] child
11 through a protracted course of [~~noncoerced~~] indulgence in alcohol,
12 narcotics, or other substance abuse that was not coerced; and

13 (5) the disability [~~handicap~~] did not occur as a
14 result of the [~~qualified surviving~~] child's participation in the
15 commission of a felony.

16 (p) If a [~~handicapped qualified surviving~~] child with a
17 disability received or is receiving workers' compensation
18 resulting from an occupational injury equal to an amount less than
19 the death benefit to be provided under this section, the difference
20 shall be paid out of the assets of the fund in the form otherwise
21 payable as monthly benefits. For purposes of Subsections
22 [~~Subsection~~] (o), (o-1), and (o-2) of this section, if a lump sum is
23 awarded for an injury, the fund's actuary may compute a
24 corresponding monthly equivalent. A finding relating to a
25 [~~qualified surviving~~] child's disability [~~handicap~~] is subject to
26 periodic review and modification by the board.

27 (q) On the death or marriage of a [~~qualified surviving~~]

1 child granted death benefits under this article, the death benefits
2 shall cease being paid to that child; however, the same
3 undiminished [~~qualified surviving~~] child's share as determined by
4 this section shall be uniformly distributed among any remaining
5 unmarried [~~qualified surviving~~] children who are:

6 (1) under 19 years of age; or

7 (2) disabled [~~and any unmarried qualified surviving~~
8 ~~children who are handicapped~~] as described by Subsection (o-2)
9 [~~(o)~~] of this section and entitled to death benefits as qualified
10 survivors.

11 (r) A spouse of a primary party who married the primary
12 party [~~resulting from any marriage to a former member or pensioner~~]
13 after the date the primary party terminated [~~member or pensioner~~
14 ~~leaves~~] active service is not a qualified survivor [~~surviving~~
15 ~~spouse~~] and is [~~not~~] entitled only to those death benefits, if
16 applicable, provided under Section 6.063 of this article.

17 (t) A [~~qualified~~] surviving spouse who first remarried on or
18 after April 21, 1988, is eligible to receive death benefits for the
19 remainder of the [~~qualified surviving~~] spouse's life provided the
20 surviving spouse is a qualified survivor. This subsection may not
21 be applied retroactively.

22 (u) The eligibility of a surviving spouse who first
23 remarried before April 21, 1988, is governed by Section 6.061 of
24 this article.

25 (v) The qualified survivors of a member who dies while
26 performing qualified military service are entitled to any
27 additional benefits, other than benefits relating to the qualified

1 military service, that qualified survivors would have received if
2 the member had returned from qualified military service the day
3 before death, resumed employment, and then died.

4 SECTION 37. Part 6, Article 6243a-1, Revised Statutes, is
5 amended by adding Sections 6.061, 6.062, 6.063, and 6.064 to read as
6 follows:

7 Sec. 6.061. PROSPECTIVE REINSTATEMENT OF CERTAIN DEATH
8 BENEFITS. (a) Subject to Subsection (c) of this section, the
9 surviving spouse of a primary party who was a member of the old
10 plan, Plan A, or Plan B whose death benefits, also referred to as
11 "survivor benefits" or "widow benefits," terminated because of a
12 remarriage of the surviving spouse that occurred before April 21,
13 1988, is entitled to receive death benefits, on a prospective basis
14 only, as of the first day of the month following the month in which
15 the executive director receives the application.

16 (b) The board shall make reasonable efforts to notify all
17 known living surviving spouses who may be entitled to a
18 reinstatement of benefits under this section.

19 (c) A surviving spouse's properly completed, board-approved
20 application for reinstatement of death benefits under this section
21 must be received by the executive director not later than the 180th
22 day after the date the board completes, as determined by the board,
23 the reasonable efforts required by Subsection (b) of this section.

24 (d) A surviving spouse's application for reinstatement of
25 death benefits under this section constitutes the spouse's waiver
26 of any claims against the pension system, the board, the executive
27 director, or any other employee of the board or the pension system

1 arising out of any claim for death benefits.

2 (e) This section may not be applied retroactively. A
3 surviving spouse may not receive death benefits attributable to
4 periods before the executive director's receipt of a properly
5 completed and board-approved application, and any benefit provided
6 to a surviving spouse described in this section must be calculated
7 as if the benefits had not terminated on the surviving spouse's
8 remarriage notwithstanding the fact the reinstatement of benefits
9 is not retroactive.

10 Sec. 6.062. LUMP-SUM PAYMENT ON DEATH OF CERTAIN MEMBERS.

11 (a) If an unmarried member dies while on active service and before
12 beginning participation in DROP, the last person to receive
13 benefits as the member's qualified survivor or, if the member does
14 not have a qualified survivor living, the member's designee, shall
15 be paid a lump-sum payment determined in accordance with this
16 section if, at the time of the member's death, the member:

17 (1) had no qualified survivors; or

18 (2) only had qualified survivors who are children who
19 become ineligible to receive death benefits before the benefits
20 were paid for at least 120 consecutive months.

21 (b) The amount of the lump-sum payment under this section is
22 the greater of:

23 (1) the payment that could have been provided under
24 Section 6.06(m) of this article; or

25 (2) an amount equal to the actuarial equivalent of the
26 remainder of the monthly benefits that would have been paid for the
27 period from the last monthly benefit payment to the end of the 120

1 months, starting with the date of the first monthly benefit
2 payment, if any.

3 (c) If no death benefit payments have been made with respect
4 to the member, the amount of a monthly death benefit payment shall
5 be considered to be the monthly death benefit that would have been
6 paid if the member had died leaving only one dependent parent who
7 was a qualified survivor.

8 (d) If a qualified survivor or designee is entitled to
9 payment under both this section and Section 6.06(m) of this
10 article, payments shall be made only under this section.

11 (e) The payment required under this section shall be made as
12 soon as practicable after the later of the date:

13 (1) of the death of the member; or

14 (2) the last qualified survivor becomes ineligible to
15 receive monthly death benefit payments.

16 Sec. 6.063. AUTHORITY TO ELECT CERTAIN ACTUARIALLY REDUCED
17 BENEFITS. (a) The board shall adopt policies under which a member
18 who is leaving active service or a pensioner may elect to accept
19 actuarially reduced benefits to provide the following optional
20 benefits:

21 (1) a 100 percent joint and survivor annuity with the
22 member's or pensioner's spouse;

23 (2) a 50 percent joint and survivor annuity with a
24 spouse who is not a qualified survivor because the marriage to the
25 pensioner occurred after the pensioner terminated active service,
26 provided the election is made not later than one year after the date
27 of the marriage; or

1 (3) a death benefit for a child who is not a qualified
2 survivor because the child was born or adopted after the member left
3 active service, but only if the child:

4 (A) is a dependent of the pensioner, within the
5 meaning of Section 152(a)(1) of the code; and

6 (B) has not attained 18 years of age at the time
7 of the election.

8 (b) An election under this section may not be revoked by the
9 member or pensioner after it is filed with the pension system.

10 (c) Notwithstanding any other provision of this article, an
11 election under this section shall result in benefits being paid as
12 prescribed by this section instead of as prescribed by Section
13 6.01, 6.02, 6.04, 6.05, 6.07, or 6.08 of this article, as
14 applicable.

15 (d) A pensioner who desires to make an election under
16 Subsection (a)(1) of this section after having made an election
17 under Subsection (a)(2) of this section shall incur a second
18 actuarial reduction in benefits to pay for the increased survivor
19 annuity.

20 (e) Except as provided by Subsection (f) of this section, a
21 person is not entitled to the payment of benefits under this section
22 with respect to a pensioner who makes an election after termination
23 of active service and dies within one year after making the
24 election, except the amount by which the pensioner's benefits were
25 reduced are paid to the person who is entitled to receive payments
26 under Section 6.064 of this article.

27 (f) Subsection (e) of this section does not apply to a

1 person who makes an election under Subsection (a)(1) of this
2 section to receive a 100 percent joint and survivor annuity with a
3 spouse who is a qualified survivor at the time:

4 (1) the board grants a retirement pension; or

5 (2) a retirement pension would have been granted but
6 for the fact that the person elected to participate in DROP after
7 retirement.

8 (g) The actuarially reduced benefits being paid to the
9 pensioner under this section will not be increased if the spouse
10 dies before the pensioner, or if the child attains 19 years of age
11 before the pensioner dies.

12 (h) The joint and survivor annuity or the pensioner's
13 pension and child's death benefit payable under this section is the
14 actuarial equivalent of the pension and death benefits, if any,
15 that would have been payable, at the time of the election, if the
16 election had not been made. On the death of the pensioner:

17 (1) the surviving spouse of a pensioner who made an
18 election under Subsection (a)(1) of this section receives a pension
19 that is equal to the reduced pension being received by the pensioner
20 at the time of death; and

21 (2) a surviving spouse who is not a qualified survivor
22 of a pensioner who made an election under Subsection (a)(2) of this
23 section receives a pension that is 50 percent of the reduced pension
24 being received by the pensioner at the time of death.

25 (i) A pensioner and surviving spouse receiving a death
26 benefit payable under this section are eligible for adjustments
27 under Sections 6.12 and 6.13 of this article, if the pensioner or

1 surviving spouse, as applicable, is otherwise entitled to those
2 adjustments, except that in each case the adjustment shall be
3 calculated so that the total pension or death benefit paid is
4 reduced by the same percentage the pensioner's pension is otherwise
5 reduced under this section.

6 (j) A pensioner and surviving spouse receiving a death
7 benefit payable under this section are not entitled to the minimum
8 benefits provided under Section 6.10A, 6.10B, or 6.11 of this
9 article.

10 (k) A surviving spouse receiving a death benefit payable
11 under this section is not entitled to the special death benefit
12 provided under Section 6.09 of this article.

13 (l) During a period in which there are two or more qualified
14 survivors of a member who has made a joint and survivor annuity
15 election under this section, the spousal benefit will be divided
16 among the eligible survivors under Section 6.07 or 6.08 of this
17 article, as applicable.

18 (m) A child's death benefit elected under Subsection (a)(3)
19 of this section is treated the same way as a death benefit to a child
20 who is a qualified survivor, except that it is based on the
21 actuarially reduced pension.

22 Sec. 6.064. DESIGNEES. (a) A member, pensioner, or
23 qualified survivor may at any time designate, in writing, one or
24 more persons as a designee to receive any lump-sum payment due from
25 the pension system on the death of the member, pensioner, or
26 qualified survivor, as applicable.

27 (b) A designation under this section of a person other than

1 the spouse of the member, pensioner, or qualified survivor, as
2 appropriate, must be made with the written consent of the spouse, if
3 the individual has a spouse.

4 (c) A designation made under this section:

5 (1) may be revoked or changed at any time; and

6 (2) is void if the person designated dies or goes out
7 of existence before the payment is made.

8 (d) If a member, pensioner, or qualified survivor
9 designates a spouse to receive a payment and the parties are later
10 divorced, the designation is void at the time of the divorce unless
11 ratified in writing at the time of the divorce or after that time.

12 (e) A designation by a member under this section is void at
13 the time the member becomes a pensioner unless ratified in writing
14 at the time the member becomes a pensioner or after that time.

15 (f) If a member, pensioner, or qualified survivor does not
16 have a valid designee on file with the pension system at the time of
17 death, the designee is:

18 (1) the spouse;

19 (2) the qualified survivors, if any, if there is no
20 spouse;

21 (3) the estate of the person, if there is no spouse or
22 qualified survivors; or

23 (4) the heirs of the person, if there is no spouse,
24 qualified survivors, or estate.

25 SECTION 38. Sections 6.07, 6.08, 6.09, and 6.10A, Article
26 6243a-1, Revised Statutes, are amended to read as follows:

27 Sec. 6.07. GROUP A DEATH BENEFITS. (a)(1) If a Group A

1 member dies before leaving active service [~~retirement~~] and before
2 the Group A member had [~~has~~] 20 years of pension service, the Group
3 A member's [~~leaving both a qualified surviving~~] spouse and
4 [~~qualified surviving~~] children who are [~~, the~~] qualified [~~surviving~~
5 ~~spouse shall make an election for all~~] survivors shall, in the
6 aggregate, [~~to~~] receive a Group A death benefit [~~consisting in the~~
7 ~~aggregate of an amount~~] equal to a Group A retirement pension
8 computed under the terms of Section 6.01 of this article as if the
9 Group A member had completed 20 years of pension service. [~~An~~
10 ~~election under this subdivision, once made, is irrevocable. This~~
11 ~~Group A death benefit shall be divided one-half to the qualified~~
12 ~~surviving spouse and one-half to the qualified surviving children.]~~

13 (2) If a Group A [~~pensioner dies during disability~~
14 ~~retirement and before the Group A pensioner had 20 years of pension~~
15 ~~service, leaving both a qualified surviving spouse and qualified~~
16 ~~children, the survivors in the aggregate shall receive a Group A~~
17 ~~death benefit calculated either under Sections 6.01(b) and (c) of~~
18 ~~this article if the Group A pensioner's Group A disability pension~~
19 ~~was calculated under Section 6.04(a) of this article, or under~~
20 ~~Section 6.01(e) of this article if the Group A pensioner's Group A~~
21 ~~disability pension was calculated under Section 6.04(b) of this~~
22 ~~article. This Group A death benefit shall be divided one-half to~~
23 ~~the qualified surviving spouse and one-half to the qualified~~
24 ~~surviving children.~~

25 [~~(b)(1) If a Group A member or former Group A~~] member dies
26 before service retirement and after the Group A member has [~~or~~
27 ~~former Group A member has~~] 20 years of pension service, the Group A

1 member's [~~leaving both a qualified surviving~~] spouse and [~~qualified~~
2 ~~surviving~~] children~~[,]~~ who are [~~the~~] qualified [~~surviving spouse~~
3 ~~shall make an election for all~~] survivors shall, in the aggregate,
4 [~~to~~] receive a Group A death benefit calculated under Section 6.01
5 of this article as if the Group A member [~~of an amount equal to a~~
6 ~~Group A retirement pension the Group A member or former Group A~~
7 ~~member would have received~~] had [~~the person~~] left active service on
8 the date of the [~~death, computed under the terms of Section 6.01 of~~
9 ~~this article. An election under this subdivision, once made, is~~
10 ~~irrevocable. This~~] Group A member's death [~~benefit shall be~~
11 ~~divided one-half to the qualified surviving spouse and one-half to~~
12 ~~the qualified surviving children~~].

13 (3) If a Group A pensioner dies during service
14 retirement, the Group A pensioner's spouse and children who are
15 qualified survivors shall, in the aggregate, receive a Group A
16 death benefit in an amount equal to the Group A retirement pension
17 being received by the Group A pensioner on the date of the
18 pensioner's death.

19 (4) If a Group A pensioner dies after November 25,
20 1996, while receiving periodic disability compensation under
21 Section 6.05 of this article or a disability pension under Section
22 6.04 of this article, and before the Group A pensioner has 20 years
23 of pension service, the Group A pensioner's spouse and children who
24 are qualified survivors shall, in the aggregate, receive a Group A
25 death benefit calculated under Section 6.04 or 6.05 of this
26 article, as applicable, in the same manner as the Group A
27 pensioner's periodic disability compensation or disability

1 pension, but as if the Group A pensioner had completed 20 years of
 2 pension service.

3 (5) [(2)(A)] If a Group A pensioner who has 20 or more
 4 years of pension service dies during disability retirement, the
 5 Group A pensioner's spouse and children who are qualified survivors
 6 shall, in the aggregate, [dies leaving both a qualified surviving
 7 spouse and qualified surviving children, the qualified surviving
 8 spouse shall make an election for all survivors to] receive a Group
 9 A death benefit in an [the] amount equal to [of] the Group A
 10 disability [retirement] pension being received by the Group A
 11 pensioner on the date of the pensioner's death.

12 (b) [before the person's death. This] Group A death
 13 benefits under Subsection (a) of this section [benefit] shall:

14 (1) be divided one-half to the [qualified surviving]
 15 spouse and one-half to the [qualified surviving] children who are
 16 qualified survivors; and [-]

17 (2) subject to [(B) With] the terms of Sections
 18 [exception of those circumstances described by Section] 6.06(n),
 19 (o), (o-1), and (o-2) of this article, be distributed in an equal
 20 and uniform manner to the children described by Subdivision (1) of
 21 this subsection [the Group A death benefits awarded to the
 22 qualified survivors under this subsection shall be paid entirely to
 23 the qualified surviving spouse and the qualified surviving
 24 children. The qualified surviving children's one-half share shall
 25 be equally and uniformly distributed by the qualified surviving
 26 spouse to them].

27 (c) [(c)(1)] If a Group A member or pensioner [former Group

1 ~~A member~~] dies leaving no ~~[qualified surviving]~~ spouse or
2 ~~[qualified surviving]~~ children who are qualified survivors, the
3 ~~[but leaves surviving one or both qualified surviving dependent~~
4 ~~parents, the qualified surviving]~~ dependent parents who are
5 qualified survivors shall ~~[may elect to]~~ receive a Group A death
6 benefit equal to the death benefit otherwise payable under
7 Subsection (a) of this section. The death benefit payable to the
8 dependent parents under this subsection shall be divided equally
9 between the parents regardless of whether the parents are married
10 or living at the same residence. ~~[Group A retirement pension the~~
11 ~~Group A member or former Group A member would have been entitled to~~
12 ~~under Section 6.01 of this article after leaving active service. If~~
13 ~~there are two qualified dependent parents, the election must be~~
14 ~~mutual. An election under this subdivision, once made, is~~
15 ~~irrevocable. The qualified surviving dependent parents of a Group~~
16 ~~A pensioner shall receive a Group A death benefit equal to the~~
17 ~~amount of the actual Group A retirement pension being received at~~
18 ~~the time of the pensioner's death, divided equally between the~~
19 ~~qualified surviving dependent parents.~~

20 ~~[(2) If a Group A pensioner dies during disability~~
21 ~~retirement and before the Group A pensioner had 20 years of pension~~
22 ~~service, leaving no qualified surviving spouse or qualified~~
23 ~~surviving children, but leaves surviving one or both qualified~~
24 ~~surviving dependent parents, the qualified surviving dependent~~
25 ~~parents may elect to receive a Group A death benefit calculated~~
26 ~~either: under Sections 6.01(b) and (c) of this article if the Group~~
27 ~~A pensioner's Group A disability pension was calculated under~~

1 ~~Section 6.04(a) of this article, or under Section 6.01(e) of this~~
 2 ~~article if the Group A pensioner's Group A disability pension was~~
 3 ~~calculated under Section 6.04(b) of this article. An election~~
 4 ~~under this subdivision, once made, is irrevocable.~~

5 ~~[(d)]~~ If there is only one ~~[qualified surviving]~~ dependent
 6 parent, that ~~[the]~~ parent is entitled to one-half of the death
 7 benefit described in ~~[amount determined under Subsection (c)(1) or~~
 8 ~~(c)(2) of]~~ this subsection ~~[section]~~.

9 Sec. 6.08. GROUP B DEATH BENEFITS. (a) If a Group B member
 10 dies while on active service, a ~~[former]~~ Group B member who left
 11 active service and is vested under Section 5.06 of this article
 12 dies, or a Group B pensioner dies while receiving ~~[on]~~ service or
 13 disability retirement or while receiving periodic disability
 14 compensation under Section 6.05 of this article, the person's
 15 qualified survivors, or the person described in Section 6.06(g) or
 16 (j) of this article as the recipient of the children's benefits
 17 ~~[guardian of the qualified surviving children if no qualified~~
 18 ~~surviving spouse exists]~~, may make application for Group B death
 19 benefits. If the deceased ~~[The qualified surviving spouse of a~~
 20 ~~Group B member or former Group B member described by this~~
 21 ~~subsection, the guardian of the qualified surviving children of the~~
 22 ~~person if no qualified surviving spouse exists, or the qualified~~
 23 ~~dependent parents if no qualified surviving spouse or qualified~~
 24 ~~surviving children exist, have the option to select whether Group A~~
 25 ~~or Group B death benefits are received, if the Group B member or~~
 26 ~~former]~~ Group B member was previously eligible to elect whether to
 27 receive either a Group A or Group B retirement pension, the option

1 to elect whether Group A or Group B death benefits are received
2 shall be exercised by one of the following:

3 (1) a qualified survivor who is the spouse of the
4 deceased Group B member described by this subsection;

5 (2) the person described in Section 6.06(g) or (j) of
6 this article as the recipient of benefits on behalf of the deceased
7 member's children who are qualified survivors, if no spouse is a
8 qualified survivor; or

9 (3) the qualified survivors who are dependent parents
10 of the deceased member, if there is neither a spouse nor children
11 who are qualified survivors.

12 (a-1) A qualified survivor who receives Group A death
13 benefits under Subsection (a) of this section [~~subsection~~] is
14 entitled to a ratable portion of a reimbursement from the fund in
15 the same amount and manner determined under Section 5.03(d) of this
16 article. A qualified survivor or guardian desiring a refund of
17 excess contributions must make application for the refund with the
18 executive director [~~administrator~~] within three years after the
19 date the qualified survivor or guardian makes application for Group
20 A death benefits. The option contained in this subsection is not
21 available to qualified survivors of a Group B member [~~or former~~
22 ~~Group B member~~] who had, at the time of death, already applied for a
23 retirement pension and selected a Group A retirement pension as
24 provided by Section 5.03(c) or (c-1) of this article, but the
25 qualified survivors are entitled to receive a Group A death
26 benefit.

27 (b) Subject to Subsection (b-2) of this section, death

1 ~~[Death]~~ benefits shall be computed as follows for the qualified
 2 survivors of Group B members who die while on active service:

3 (1) the ~~[A qualified surviving spouse's Group B]~~ death
 4 benefit of a qualified survivor who is the spouse of a member who
 5 began active service:

6 (A) before March 1, 2011, shall be the sum of:

7 (i) the number of years of pension service
 8 earned before September 1, 2017, prorated for fractional years,
 9 times 1.5 percent of the ~~[computed at the rate of 1.5 percent of the~~
 10 ~~Group B member's]~~ average computation pay determined over the 36
 11 ~~[60]~~ consecutive months of pension service in which the Group B
 12 member received the highest computation pay; plus

13 (ii) the number of ~~[, for each year, and~~
 14 ~~prorated for fractional years, of pension service with a minimum of~~
 15 ~~20]~~ years of pension service, including pension service credit
 16 imputed under Section 6.05(c) of this article, after September 1,
 17 2017, prorated for fractional years, times the applicable
 18 percentage rate set forth below ~~[assumed, or 30 percent]~~ of the
 19 average computation pay determined over the 60 consecutive months
 20 of pension service in which the Group B member received the highest
 21 computation pay:

<u>Age of Member When Retirement Pension Begins</u>	<u>Percent</u>
22 <u>58 and older</u>	<u>1.25%</u>
23 <u>57</u>	<u>1.2%</u>
24 <u>56</u>	<u>1.15%</u>
25 <u>55</u>	<u>1.10%</u>
26 <u>54</u>	<u>1.05%</u>

1 53 and younger 1.0%; or
2 (B) on or after March 1, 2011, shall be the number
3 of years of pension service, including pension service imputed
4 under Section 6.05(c) of this article, prorated for fractional
5 years, times 1.25 percent of the average computation pay determined
6 over the 60 consecutive months of pension service in which the Group
7 B member received the highest computation pay;

8 (2) the death benefit of qualified survivors who are a
9 member's children shall be computed in the same manner as a spouse's
10 benefit is computed under Subdivision (1)(A) or (B) of this
11 subsection, as applicable, and shall be divided equally among all
12 of the children who are qualified survivors; and

13 (3) the death benefit of each qualified survivor who
14 is a member's dependent parent shall be computed in the same manner
15 as a spouse's Group B benefit is computed under Subdivision (1)(A)
16 or (B) of this subsection, as applicable.

17 (b-1) Pension service for purposes of the calculation under
18 Subsection (b) of this section may not be less than 20 years. Any
19 partial year of pension service for the first 20 years of pension
20 service is counted as a full year of pension service, if the member
21 was considered by the member's department to have worked a normal
22 full-time schedule at the time of the member's death.

23 (b-2) The death benefit calculated under Subsection (b) of
24 this section may not exceed the greater of:

25 (1) 45 [a computation for 32 years of pension service,
26 or 48] percent of the member's average computation pay determined
27 over the 36 or 60 consecutive months, as applicable, in which the

1 Group B member received the highest computation pay; or
2 (2) the vested and accrued death benefit as determined
3 on August 31, 2017.

4 (b-3) For purposes of Subsections (b) through (b-2) of this
5 section:

6 (1) if [~~If~~] the Group B member had less than 36 or 60
7 consecutive months, as applicable, [~~five years~~] of pension service,
8 the average computation pay will be computed based on the person's
9 entire pension service; and

10 (2) days during which the member earned no pension
11 service due to a termination of active service or otherwise must be
12 disregarded in determining the 36 or 60 consecutive months of
13 highest computation pay.

14 ~~[(2) A qualified surviving child's Group B death~~
15 ~~benefit shall be computed in the same manner as a qualified~~
16 ~~surviving spouse's benefit is computed under Subdivision (1) of~~
17 ~~this subsection and shall be divided equally among all of the~~
18 ~~qualified surviving children.]~~

19 ~~[(3) Each qualified surviving dependent parent's Group~~
20 ~~B death benefit shall be computed in the same manner as a qualified~~
21 ~~surviving spouse's Group B benefit is computed under Subdivision~~
22 ~~(1) of this subsection.]~~

23 (c) Group B death benefits shall be computed as follows for
24 the qualified survivors of any [~~former~~] Group B member who died
25 after leaving active service and who had vested rights under
26 Section 5.06 of this article but who had not received [~~Group B~~]
27 retirement benefits [~~under Section 6.02 of this article~~] at the

1 time of death:

2 (1) the death benefit of a [~~The~~] qualified survivor
3 who is the member's [~~surviving~~] spouse [~~of the former Group B~~
4 ~~member~~] is [~~entitled to a Group B death benefit~~] equal to 50 percent
5 of any [~~Group B~~] retirement pension the [~~former Group B~~] member
6 would have been entitled to [~~under Section 6.02 of this article~~] as
7 of the date the [~~former Group B~~] member left active service; [~~-~~]

8 (2) the death benefits of [~~The~~] qualified survivors
9 who are the member's [~~surviving~~] children [~~of the former Group B~~
10 ~~member~~] are [~~entitled to a Group B benefit~~] calculated in the same
11 manner as the spouse's benefit is computed under Subdivision (1) of
12 this subsection [~~Group B death benefit of a qualified surviving~~
13 ~~spouse~~], to be divided equally between the [~~qualified surviving~~]
14 children; and [~~-~~]

15 (3) the death benefit of each [~~Each of the~~] qualified
16 survivor who is the member's [~~surviving~~] dependent parent [~~parents~~
17 ~~of the former Group B member~~] is [~~entitled to a Group B death~~
18 ~~benefit~~] equal to 50 percent of any [~~Group B~~] retirement pension the
19 [~~former Group B~~] member would have been entitled to [~~under the~~
20 ~~provisions of Section 6.02 of this article~~] as of the date the
21 [~~former Group B~~] member left active service.

22 (d) Group B death benefits shall be computed as follows for
23 the qualified survivors of any Group B pensioner [~~of this plan~~] who
24 dies while receiving service [~~a Group B~~] retirement [~~pension~~]:

25 (1) the death benefit of a [~~The~~] qualified [~~surviving~~]
26 survivor who is the pensioner's spouse [~~of a Group B pensioner~~] is
27 [~~entitled to Group B death benefits~~] equal to 50 percent of any

1 retirement pension the Group B pensioner was receiving at the time
2 of death;~~[-]~~

3 (2) the death benefits of qualified survivors who are
4 the pensioner's [~~The qualified surviving~~] children [~~of a Group B~~
5 ~~pensioner~~] are [~~entitled to a Group B death benefit~~] calculated in
6 the same manner as the spouse's benefit is computed under
7 Subdivision (1) of this subsection [~~Group B death benefit of a~~
8 ~~qualified surviving spouse~~], to be divided equally between the
9 [~~qualified surviving~~] children; ~~and[-]~~

10 (3) the death benefit of each [~~Each of the~~] qualified
11 survivor who is the pensioner's [~~surviving~~] dependent parent
12 [~~parents of a Group B pensioner~~] is [~~entitled to a Group B death~~
13 ~~benefit~~] equal to 50 percent of any retirement pension the Group B
14 pensioner was receiving at the time of death.

15 (e) Group B death benefits shall be computed as follows for
16 the qualified survivors of any Group B pensioner who dies while
17 receiving disability retirement or while receiving periodic [~~a~~
18 ~~Group B~~] disability compensation under Section 6.05 of this article
19 [~~pension due to either a service-connected or nonservice-connected~~
20 ~~disability~~]:

21 (1) the death benefit of a [~~The~~] qualified survivor
22 who is the pensioner's [~~surviving~~] spouse [~~of the Group B~~
23 ~~pensioner~~] is [~~entitled to the greater of a Group B death benefit~~]
24 equal to 50 percent of any Group B periodic disability compensation
25 or disability pension the Group B pensioner would have been
26 entitled to [~~under Section 6.05 of this article~~] as of the date the
27 Group B pensioner left active service because of disability, or a

1 Group B death benefit equal to 50 percent of any periodic disability
 2 compensation or [~~Group B~~] disability pension the Group B pensioner
 3 was receiving at the time of death; ~~[-]~~

4 (2) the death benefits of [~~The~~] qualified survivors
 5 who are the pensioner's [~~surviving~~] children [~~of the Group B~~
 6 ~~pensioner~~] are [~~entitled to a Group B death benefit~~] calculated in
 7 the same manner as the spouse's [~~Group B death~~] benefit is computed
 8 under Subdivision (1) of this subsection [~~of a qualified surviving~~
 9 ~~spouse~~], to be divided equally between the [~~qualified surviving~~]
 10 children; and ~~[-]~~

11 (3) the death benefit of each [~~Each of the~~] qualified
 12 survivor who is the pensioner's [~~surviving~~] dependent parent
 13 [~~parents of the Group B pensioner~~] is [~~entitled to the greater of a~~
 14 ~~Group B death benefit~~] equal to 50 percent of any periodic
 15 disability compensation or disability pension the Group B pensioner
 16 would have been entitled to [~~under Section 6.05 of this article~~] as
 17 of the date the Group B pensioner left active service because of
 18 disability, or a Group B death benefit equal to 50 percent of any
 19 periodic disability compensation or [~~Group B~~] disability pension
 20 the Group B pensioner was receiving at the time of death.

21 Sec. 6.09. QUALIFIED SURVIVING SPOUSE SPECIAL DEATH
 22 BENEFIT. (a) A person who is the [~~Notwithstanding Sections 6.06~~
 23 ~~and 6.07 of this article, the qualified surviving~~] spouse of a Group
 24 A primary party, who is a qualified survivor, and who is entitled to
 25 death benefits under Sections 6.06, 6.061, 6.062, 6.063, and 6.07
 26 of this article is also entitled to a special death benefit under
 27 this section if:

1 (1) the Group A primary party:

2 (A) ~~[elected to receive a Group A retirement~~
3 ~~pension and later died, was receiving a disability or retirement~~
4 ~~pension either under the terms of Plan A before the original~~
5 ~~enactment of this article or elected to receive a Group A retirement~~
6 ~~pension under Sections 6.01(e), (f), and (g) of this article and~~
7 ~~later died, or was receiving a Group A disability pension under~~
8 ~~Section 6.04(c) of this article and later died;~~

9 [(2) the Group A primary party (i)] had at least 20
10 years of pension service, and left active service after October
11 1, 1985, and was at least 55 years of age on the earlier of the date
12 the primary party:

13 (i) left active service; or

14 (ii) began participation in DROP ~~[or~~
15 ~~older]; or~~

16 (B) had ~~[(ii) on or after May 1, 1990, the Group A~~
17 ~~primary party, after accruing]~~ at least 20 years of pension
18 service, left active service on or after May 31, 2000, and on the
19 earlier of the date the primary party left active service or began
20 participation in DROP, ~~and~~ had a total of at least 78 ~~[80]~~
21 credits, with each year of pension service, prorated for fractional
22 years, equal to one credit and with each year of age, prorated for
23 fractional years, equal to one credit; or ~~and~~

24 (2) the ~~[(3) the qualified surviving]~~ spouse has
25 attained 55 years of age and there are no ~~[qualified surviving]~~
26 children who are qualified survivors eligible for death benefits.

27 (b) Until the requirements of Subsection (a) of this section

1 are satisfied, a qualified survivor who is the spouse of a Group A
 2 primary party [~~surviving spouse~~] shall receive a Group A death
 3 benefit in accordance with Section 6.07 of this article.

4 (c) The special Group A death benefit under Subsection (a)
 5 of this section is calculated based on the following formula:

6 $(P \times P \times A) + (P \times C) + D$, where

7 A = base pay at the time the Group A primary party began
 8 participation in DROP, begins service retirement, dies, or becomes
 9 disabled, plus longevity pay, plus one-twelfth of last-received
 10 city service incentive pay;

11 B = Group A primary party's benefit calculated at the time the
 12 Group A primary party began participation in DROP, begins service
 13 retirement, dies, or becomes disabled;

14 P = B/A (expressed as a percentage or a decimal);

15 C = the number of adjustments made to a Group A primary
 16 party's [~~Group A~~] retirement pension, disability pension, or
 17 periodic [~~Group A~~] disability compensation, [~~pension under Section~~
 18 ~~6.04 of this article~~] multiplied by the amount of the adjustments;
 19 and

20 D = the number of adjustments made under this article to the
 21 [~~a qualified surviving spouse's~~] Group A death benefit of a spouse
 22 who is a qualified survivor under Section 6.07 of this article,
 23 multiplied by the amount of the adjustments.

24 (d) A person who is the [~~Notwithstanding Sections 6.03 and~~
 25 ~~6.05 of this article, a qualified surviving~~] spouse of a Group B
 26 primary party, who is a qualified survivor, and who is entitled to
 27 any death benefits under Sections 6.06, 6.061, 6.062, 6.063, and

1 ~~[or]~~ 6.08 of this article is also entitled to a special benefit
2 under this section if:

3 (1) the Group B primary party ~~[elected to receive a~~
4 ~~Group B retirement pension and later died, or was receiving a Group~~
5 ~~B disability or retirement pension under this article and died,~~

6 ~~[(2) the Group B primary party]:~~

7 (A) had at least 20 years of pension service,
8 left active service after October 1, 1985, and was at least 55 years
9 of age at the earlier of the date the primary party left ~~[time of~~
10 ~~leaving]~~ active service or began participation in DROP; or

11 (B) on or after May 31, 2000 ~~[1, 1990]~~, ~~[the Group~~
12 ~~B primary party]~~ left active service or began participation in
13 DROP, whichever was earlier, having a total of at least 78 ~~[80]~~
14 credits, with each year of pension service, prorated for fractional
15 years, equal to one credit and with each year of age, determined at
16 the time the Group B primary party left active service or began
17 participation in DROP, prorated for fractional years, equal to one
18 credit; or ~~[and]~~

19 (2) ~~[(3)]~~ the ~~[qualified surviving]~~ spouse has
20 attained 55 years of age, and there are no ~~[qualified surviving]~~
21 children of the primary party who are qualified survivors.

22 (d-1) Until the requirements of Subsection (d) ~~[(e)]~~ of this
23 section are satisfied, a spouse who is a qualified survivor
24 ~~[surviving spouse]~~ may only receive a Group B death benefit in
25 accordance with Sections 6.06, 6.061, 6.062, 6.063, ~~[6.03]~~ and 6.08
26 ~~[6.05]~~ of this article.

27 (e) The ~~[This]~~ special Group B death ~~[survivor]~~ benefit

1 under Subsection (d) of this section is calculated based on the
 2 following formula:

$$(P \times P \times A) + (P \times C) + D, \text{ where}$$

4 A = average monthly computation pay at the time the Group B
 5 primary party begins service retirement, dies, ~~[or]~~ becomes
 6 disabled, or begins participation in DROP;

7 B = the Group B primary party's benefit ~~[Group B retirement or~~
 8 ~~Group B disability pension]~~ calculated at the time the Group B
 9 primary party begins participation in DROP, begins to receive
 10 service ~~[or disability]~~ retirement, ~~[or]~~ dies, or becomes disabled;

11 P = B/A (expressed as a percentage or a decimal);

12 C = the number of post-retirement ~~[postretirement]~~
 13 adjustments made to a Group B primary party's ~~[Group B]~~ retirement
 14 pension, disability pension, or periodic ~~[Group B]~~ disability
 15 compensation ~~[pension under Section 6.05 of this article]~~
 16 multiplied by the amount of the adjustments; and

17 D = the number of adjustments made to the ~~[a qualified~~
 18 ~~surviving spouse's]~~ Group B death benefit of a qualified survivor
 19 who is the primary party's spouse under Section 6.08 of this article
 20 multiplied by the amount of the adjustments.

21 Sec. 6.10A. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY
 22 PARTIES WHO WERE GROUP A, OLD PLAN, OR COMBINED PENSION PLAN MEMBERS
 23 ~~[ELECT TO RECEIVE RETIREMENT PENSION UNDER SECTIONS 6.01(B) AND~~
 24 ~~(C)]~~ AND THEIR QUALIFIED SURVIVORS. (a) Except as provided by
 25 Section 6.063 of this article or Subsections (b) and (h) of this
 26 section and notwithstanding any benefit computation and
 27 determination to the contrary contained in this article, the

1 minimum Group A benefits provided by this section shall be paid to
2 any Group A primary party who elects to receive a Group A retirement
3 pension under Sections 6.01(b) and (c) of this article, the old
4 plan, or former Section 14(a) of this article, or to the primary
5 party's qualified survivors [~~. The benefits under this section~~
6 ~~shall be distributed in accordance with Sections 6.01(b) and (c),~~
7 ~~6.04(a), or 6.07 of this article, as applicable]~~, except that a
8 Group A primary party who elects to receive an actuarially reduced
9 [Group A retirement pension because of the primary party's request
10 ~~to receive a Group A~~] retirement pension before 50 years of age and
11 the primary party's qualified survivors are not entitled to the
12 [Group A] minimum benefits specified under this section. An
13 alternate payee is not entitled to the Group A minimum benefits
14 specified in this section.

15 (b) A Group A primary party who elects to receive a Group A
16 retirement pension under Sections 6.01(b) and (c) of this article,
17 the old plan, or former Section 14(a) of this article and who left
18 active service with 20 or more years of pension service is entitled
19 to receive a minimum Group A retirement pension of \$2,200 [~~\$1,500~~] a
20 month. [~~If the Group A primary party's Group A retirement pension~~
21 ~~is subject to a qualified domestic relations order and the sum of~~
22 ~~the actuarial equivalents of the monthly benefits payable to the~~
23 ~~Group A primary party and the alternate payee is less than the~~
24 ~~actuarial equivalent of the minimum monthly Group A retirement~~
25 ~~pension described by this subsection, the Group A primary party's~~
26 ~~monthly Group A retirement pension will be increased so that the sum~~
27 ~~of the actuarial equivalents of the alternate payee's and the Group~~

1 ~~A primary party's monthly Group A retirement pension equals the~~
2 ~~actuarial equivalent of the minimum monthly Group A retirement~~
3 ~~pension calculated under this subsection.]~~

4 (c) In the absence of children who are [A] qualified
5 survivors, a [surviving] spouse who is a qualified survivor of a
6 Group A primary party who elected to receive a Group A retirement
7 pension under Sections 6.01(b) and (c) of this article, the old
8 plan, or former Section 14(a) of this article will receive a minimum
9 monthly Group A death benefit of \$1,200 [~~\$750~~].

10 (d) A spouse who is a qualified survivor [~~surviving spouse~~]
11 of a Group A primary party who elected to receive a Group A
12 retirement pension under Sections 6.01(b) and (c) of this article,
13 the old plan, or former Section 14(a) of this article will receive,
14 if there are children who are qualified survivors [~~surviving~~
15 ~~children~~], a minimum Group A death benefit of \$1,100 [~~\$750~~] a month.
16 [~~The qualified surviving children, as a group, will receive a~~
17 ~~minimum Group A death benefit of \$750 a month, to be divided equally~~
18 ~~among them.~~]

19 (e) In the absence of a spouse who is a qualified survivor
20 [~~surviving spouse~~] of a Group A primary party who elected to receive
21 a Group A retirement pension under Section [~~Sections~~] 6.01(b),
22 [~~and~~] (c), or (e) of this article, the old plan, or former Section
23 14(a) of this article, the primary party's children who are
24 qualified survivors [~~surviving children~~], as a group, will receive
25 a minimum Group A death benefit of \$1,100 [~~\$750~~] a month, to be
26 divided equally among them.

27 (f) If there is neither a [~~In the absence of both a qualified~~

1 ~~surviving~~] spouse nor a child who is a ~~[and]~~ qualified survivor
2 ~~[surviving children]~~ of a Group A primary party who elected to
3 receive a Group A retirement pension under Sections 6.01(b) and (c)
4 of this article, the old plan, or former Section 14(a) of this
5 article, each ~~[qualified surviving]~~ dependent parent who is a
6 qualified survivor will receive a minimum Group A death benefit of
7 \$1,100 ~~[\$750]~~ a month. If only one of them is surviving, that ~~[the~~
8 ~~qualified surviving]~~ dependent parent will receive a minimum Group
9 A death benefit equal to \$1,100 ~~[\$750]~~ a month.

10 (g) Notwithstanding the minimum monthly benefit described
11 in other subsections of this section, a Group A primary party who
12 receives periodic disability compensation under Section 6.05(b) of
13 this article or a Group A disability pension under Section 6.04(a)
14 of this article, the old plan, or former Section 17(a) of this
15 article, ~~[calculated in the same manner as a Group A retirement~~
16 ~~pension under Sections 6.01(b) and (c) of this article,]~~ shall
17 receive a minimum Group A disability pension equal to \$2,200
18 ~~[\$1,500]~~ a month.

19 (h) If a Group A pensioner who received a monthly benefit
20 under Section 6.05(b-1) of this article or a disability pension
21 under Section 6.04(a) of this article, calculated in the same
22 manner as a Group A retirement pension under Sections 6.01(b) and
23 (c) of this article, the old plan, or former Section 17(a) of this
24 article ~~[primary party's disability pension is subject to a~~
25 ~~qualified domestic relations order and the sum of the actuarial~~
26 ~~equivalents of the monthly benefits payable to the Group A primary~~
27 ~~party and the alternate payee is less than the actuarial equivalent~~

1 ~~of the minimum monthly Group A disability pension determined under~~
2 ~~Subsection (g) of this section, the Group A primary party's minimum~~
3 ~~monthly Group A disability pension will be increased so that the sum~~
4 ~~of the actuarial equivalents of the alternate payee's and the Group~~
5 ~~A primary party's minimum monthly Group A disability pension equals~~
6 ~~the amount determined under Subsection (g) of this section.~~

7 ~~[(i) If a Group A pensioner who received a disability under~~
8 ~~Section 6.04(a) of this article, calculated in the same manner as a~~
9 ~~Group A retirement pension under Sections 6.01(b) and (c) of this~~
10 ~~article]~~ before the completion of 20 years of pension service dies,
11 the qualified survivors will receive a minimum Group A death
12 benefit as provided under Subsection (c), (d), (e), or (f) of this
13 section, as applicable, whichever is greatest.

14 SECTION 39. The heading to Section 6.10B, Article 6243a-1,
15 Revised Statutes, is amended to read as follows:

16 Sec. 6.10B. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY
17 PARTIES WHO WERE GROUP A, PLAN A, OR COMBINED PLAN MEMBERS [~~ELECT TO~~
18 ~~RECEIVE RETIREMENT PENSION UNDER SECTION 6.01(E)~~] AND THEIR
19 QUALIFIED SURVIVORS.

20 SECTION 40. Sections 6.10B(a), (b), (c), (d), (e), (f),
21 (g), and (i), Article 6243a-1, Revised Statutes, are amended to
22 read as follows:

23 (a) Except as provided by Section 6.063 of this article and
24 Subsection [~~Subsections~~] (b) [~~and (h)~~] of this section and
25 notwithstanding any benefit computation and determination to the
26 contrary contained in this article, the minimum Group A benefits
27 provided by this section shall be paid to any Group A primary party

1 who elects to receive a Group A retirement pension under Section
2 6.01(e) of this article, Plan A, or former Section 14(b) of this
3 article or to the primary party's qualified survivors [~~—The~~
4 ~~benefits under this section shall be distributed in accordance with~~
5 ~~Section 6.01(e), 6.04(b), or 6.07 of this article, as applicable],~~
6 except that a Group A primary party who elects to receive an
7 actuarially reduced Group A retirement pension [~~because of the~~
8 ~~primary party's request to receive a Group A retirement pension]~~
9 before 55 years of age and the primary party's qualified survivors
10 are not entitled to the [~~Group A~~] minimum benefits specified in
11 [~~under~~] this section. An alternate payee is not entitled to the
12 Group A minimum benefits specified in this section.

13 (b) A Group A primary party who elects [~~elected~~] to receive
14 a Group A retirement pension under Section 6.01(e) of this article,
15 Plan A, or former Section 14(b) of this article and who left active
16 service with 20 or more years of pension service is entitled to
17 receive a minimum [~~Group A~~] retirement pension equal to the greater
18 of \$2,200 [~~(i) \$1,500~~] a month or [~~(ii)~~] \$1,000 a month adjusted, if
19 applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of
20 this article. [~~If the Group A primary party's Group A retirement~~
21 ~~pension is subject to a qualified domestic relations order and the~~
22 ~~sum of the actuarial equivalents of the monthly benefits payable to~~
23 ~~the Group A primary party and the alternate payee is less than the~~
24 ~~actuarial equivalent of the minimum monthly Group A retirement~~
25 ~~pension described by this subsection, the Group A primary party's~~
26 ~~monthly Group A retirement pension will be increased so that the sum~~
27 ~~of the actuarial equivalents of the alternate payee's and the Group~~

1 ~~A primary party's monthly Group A retirement pension equals the~~
2 ~~actuarial equivalent of the minimum monthly Group A retirement~~
3 ~~pension calculated under this subsection.]~~

4 (c) In the absence of children who are [A] qualified
5 survivors, a [~~surviving~~] spouse who is a qualified survivor of a
6 Group A primary party who elects [~~elected~~] to receive a Group A
7 retirement pension under Section 6.01(e) of this article, Plan A,
8 or former Section 14(b) of this article will receive a minimum
9 monthly [~~Group A~~] death benefit equal to the greater of \$1,200
10 [~~(i) \$750~~] a month or [~~(ii)~~] \$500 a month adjusted, if applicable,
11 in the manner described by Section 6.12 [~~6.12(a)~~] of this article.

12 (d) A spouse who is a qualified survivor [~~surviving spouse~~]
13 of a Group A primary party who elects to receive a Group A
14 retirement pension under Section 6.01(e) of this article, Plan A,
15 or former Section 14(b) of this article will receive, if there are
16 children who are qualified survivors [~~surviving children~~], a
17 minimum Group A death benefit equal to the greater of \$1,100 [~~(i)~~
18 ~~\$750~~] a month or [~~(ii)~~] \$500 a month adjusted, if applicable, in the
19 manner described by Section 6.12 [~~6.12(a)~~] of this article. The
20 children who are qualified survivors [~~surviving children~~], as a
21 group, will receive a minimum [~~Group A~~] death benefit equal to the
22 greater of \$1,100 [~~(iii) \$750~~] a month or [~~(iv)~~] \$500 a month
23 adjusted, if applicable, in the manner described by Section 6.12
24 [~~6.12(a)~~] of this article, to be divided equally among them.

25 (e) In the absence of a spouse who is a qualified survivor
26 [~~surviving spouse~~] of a Group A primary party who elected to receive
27 a Group A retirement pension under Section 6.01(e) of this article,

1 Plan A, or former Section 14(b) of this article, the [~~the qualified~~
2 ~~surviving children of a Group A~~] primary party's children who are
3 qualified survivors [~~party~~], as a group, will receive a minimum
4 Group A death benefit equal to the greater of \$1,100 [~~(i) \$750~~] a
5 month or [~~(ii)~~] \$500 a month adjusted, if applicable, in the manner
6 described by Section 6.12 [~~6.12(a)~~] of this article, to be divided
7 equally among them.

8 (f) If there is neither a [~~In the absence of both a qualified~~
9 ~~surviving~~] spouse nor child who is a [~~and~~] qualified survivor
10 [~~surviving children~~] of a Group A primary party who elected to
11 receive a Group A retirement pension under Section 6.01(e) of this
12 article, Plan A, or the former Section 14(b) of this article, each
13 [~~qualified surviving~~] dependent parent who is a qualified survivor
14 will receive a minimum Group A death benefit equal to the greater of
15 \$1,100 [~~(i) \$750~~] a month or [~~(ii)~~] \$500 a month adjusted, if
16 applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of
17 this article. If only one of them is surviving, that [~~the qualified~~
18 ~~surviving~~] dependent parent will receive a minimum Group A death
19 benefit equal to the greater of \$1,100 [~~(iii) \$750~~] a month or
20 [~~(iv)~~] \$500 a month adjusted, if applicable, in the manner
21 described by Section 6.12 [~~6.12(a)~~] of this article.

22 (g) Notwithstanding the minimum monthly benefit as
23 described in other subsections of this section, a Group A primary
24 party who leaves active service on a non-service-connected
25 [~~nonservice-connected~~] disability under Section 6.04(a)
26 [~~6.04(b)(2)~~] of this article, Plan A, or former Section 17(b)(2) of
27 this article with less than 20 years of pension service shall

1 receive a minimum monthly Group A disability pension equal to the
 2 greater of \$110 [~~(i) \$75~~] multiplied by the number of years of the
 3 primary party's pension service or [~~(ii)~~] \$50 multiplied by the
 4 number of years of the primary party's pension service, the product
 5 adjusted, if applicable, in the manner described by Section 6.12
 6 [~~6.12(a)~~] of this article.

7 (i) If a Group A pensioner who received a
 8 non-service-connected [~~nonservice-connected~~] disability pension
 9 under Section 6.04(a) [~~6.04(b)(2)~~] of this article, Plan A, or
 10 former Section 17(b)(2) of this article before the completion of 20
 11 years of pension service dies, the qualified survivors will each
 12 receive the amount specified in Section 6.07 of this article or the
 13 minimum [~~monthly~~] Group A death benefit as provided under
 14 Subsection (c), (d), (e), or (f) of this section, as applicable,
 15 whichever is greatest.

16 SECTION 41. Sections 6.11, 6.12, and 6.13, Article 6243a-1,
 17 Revised Statutes, are amended to read as follows:

18 Sec. 6.11. MINIMUM BENEFITS TO GROUP B PRIMARY PARTIES AND
 19 THEIR QUALIFIED SURVIVORS. (a) Except as provided by Section 6.063
 20 of this article or Subsections (b), (c), and (h) of this section and
 21 notwithstanding any benefit computation and determination to the
 22 contrary contained in this article, the minimum Group B benefits
 23 provided by this section shall be paid to any Group B primary party
 24 or the primary party's qualified survivors, except further that a
 25 Group B primary party who elects to receive an actuarially reduced
 26 [~~Group B~~] retirement pension, including a request for a benefit
 27 under Sections 6.02(c) and (d) of this article, [because of the

1 ~~primary party's request to receive the pension at or after age 45,~~
2 ~~but before age 50]~~ and the primary party's qualified survivors~~[7]~~
3 or ~~[an]~~ alternate payee ~~[of the primary party]~~, are not entitled to
4 the Group B minimum benefits specified by this section.

5 (b) If a Group B primary party leaves active service with 20
6 or more years of pension service, the Group B primary party is
7 entitled to receive a Group B minimum retirement pension equal to
8 the greater of \$2,200 ~~[(i) \$1,500]~~ a month or ~~[(ii)]~~ \$925 a month,
9 which sum may (A) increase at the rate of \$5 a month for each year of
10 pension service beyond 20 years, but the increase may not exceed \$75
11 and (B) be adjusted, if applicable, in the manner described by
12 Section 6.12 ~~[6.12(a)]~~ of this article. ~~[If a Group B primary~~
13 ~~party's Group B retirement pension is or becomes subject to a~~
14 ~~qualified domestic relations order and the sum of the actuarial~~
15 ~~equivalents of the monthly Group B retirement pension payable to~~
16 ~~the Group B primary party and the alternate payee is less than the~~
17 ~~actuarial equivalent of the minimum monthly Group B retirement~~
18 ~~pension as calculated under this subsection, the Group B primary~~
19 ~~party's monthly Group B retirement pension will be increased so~~
20 ~~that the sum of the actuarial equivalents of both the alternate~~
21 ~~payee's and the Group B primary party's Group B retirement pensions~~
22 ~~equals the actuarial equivalent of the minimum monthly Group B~~
23 ~~retirement pension as calculated under this subsection.]~~

24 (c) If a Group B primary party leaves active service with
25 less than 20 years of pension service, the primary party is entitled
26 to receive a minimum monthly Group B retirement pension equal to the
27 greater of:

1 (1) \$2,200 [~~(i) \$1,500~~] a month divided by 20 and
2 multiplied by the Group B primary party's number of years of pension
3 service; or

4 (2) [~~(ii)~~] \$925 a month divided by 20 and multiplied
5 by the Group B primary party's number of years of pension service,
6 which amount is then adjusted, if applicable, in the manner
7 described by Section 6.12 [~~6.12(a)~~] of this article. [~~If a Group B~~
8 ~~primary party's retirement pension is or becomes subject to a~~
9 ~~qualified domestic relations order and the sum of the actuarial~~
10 ~~equivalents of the monthly Group B retirement pension payable to~~
11 ~~the Group B primary party and the alternate payee is less than the~~
12 ~~actuarial equivalent of the monthly retirement pension as~~
13 ~~calculated under this subsection, the Group B primary party's~~
14 ~~monthly Group B retirement pension will be increased so that the sum~~
15 ~~of the actuarial equivalents of the alternate payee's and the Group~~
16 ~~B primary party's monthly Group B retirement pensions equals the~~
17 ~~actuarial equivalent of the minimum monthly Group B retirement~~
18 ~~pension as calculated under this subsection.]~~

19 (d) In the absence of children who are qualified survivors,
20 a spouse who is a [~~surviving children, the~~] qualified survivor
21 [~~surviving spouse~~] of a Group B primary party will receive a minimum
22 Group B death benefit equal to the greater of:

23 (1) \$1,200 [~~(i) \$750~~] a month; or

24 (2) [~~(ii)~~] \$600 a month adjusted, if applicable, in
25 the manner described by Section 6.12 [~~6.12(a)~~] of this article.

26 (e) A spouse who is a qualified survivor [~~surviving spouse~~]
27 of a Group B primary party [~~will receive~~], if there are children who

1 are qualified survivors [~~surviving children~~], will receive [~~the~~
2 ~~greater of a minimum Group B death benefit of 50 percent of the~~
3 ~~primary party's minimum monthly Group B retirement pension~~
4 ~~described by Subsection (b) or (c) of this section, whichever is~~
5 ~~applicable. The qualified surviving children, as a group, will~~
6 ~~receive the greater of]~~ a minimum [~~monthly~~] Group B death benefit of
7 \$1,100 a month [~~50 percent of the minimum monthly Group B retirement~~
8 ~~pension described by Subsection (b) or (c) of this section,~~
9 ~~whichever is applicable, to be divided equally among them]~~.

10 (f) The [~~In the absence of a qualified surviving spouse, the~~
11 ~~qualified surviving~~] children who are qualified survivors of a
12 Group B primary party, as a group, will receive a minimum Group B
13 death benefit equal to the greater of \$1,100 [~~(i) \$750~~] a month or
14 [~~(ii)~~] \$600 a month adjusted, if applicable, in the manner
15 described by Section 6.12 [~~6.12(a)~~] of this article, to be divided
16 equally between them.

17 (g) If there is neither a [~~In the absence of either a~~
18 ~~qualified surviving~~] spouse nor a child who is a [~~or~~] qualified
19 survivor [~~surviving children~~], each [~~qualified surviving~~]
20 dependent parent who is a qualified survivor of the deceased Group B
21 primary party will receive a minimum death benefit of \$1,100 a month
22 [~~Group B minimum death benefit equal to the greater of 50 percent of~~
23 ~~the Group B primary party's minimum monthly Group B retirement~~
24 ~~pension described by Subsection (b) or (c) of this section,~~
25 ~~whichever is applicable. If only one qualified surviving dependent~~
26 ~~parent is surviving, the parent will receive a Group B minimum death~~
27 ~~benefit of 50 percent of the minimum monthly Group B retirement~~

1 ~~pension described by Subsection (b) or (c) of this section,~~
2 ~~whichever is applicable].~~

3 (h) Notwithstanding the minimum monthly [~~Group B~~]
4 retirement pension otherwise described by this section, a Group B
5 primary party who left active service on a non-service-connected
6 [~~nonservice-connected~~] disability with less than 20 years of
7 pension service will receive a minimum monthly [~~Group B~~] disability
8 pension equal to the greater of \$110 [~~(i) \$75~~] multiplied by the
9 number of years of the primary party's pension service or [~~(ii)~~]
10 \$46.25 multiplied by the number of years of the primary party's
11 pension service, the product adjusted in the manner, if applicable,
12 described by Section 6.12 [~~6.12(a)~~] of this article. [~~If the Group~~
13 ~~B primary party's Group B disability pension is or becomes subject~~
14 ~~to a qualified domestic relations order and the sum of the actuarial~~
15 ~~equivalents of the monthly Group B disability pension payable to~~
16 ~~the Group B primary party and the alternate payee is less than the~~
17 ~~actuarial equivalent of the monthly disability pension as~~
18 ~~calculated under this subsection, the Group B primary party's~~
19 ~~monthly Group B disability pension will be increased so that the sum~~
20 ~~of the actuarial equivalents of the alternate payee's and the Group~~
21 ~~B primary party's monthly Group B disability pensions equals the~~
22 ~~actuarial equivalents of the minimum monthly Group B disability~~
23 ~~pension as calculated under this subsection.] If a Group B primary
24 party who was receiving a non-service-connected
25 [~~nonservice-connected Group B~~] disability pension before the
26 completion of 20 years pension service dies, the qualified
27 survivors will receive the amount specified in Section 6.08 of this~~

1 article, or the [~~Group B~~] minimum monthly death benefits granted to
2 qualified survivors as provided by Subsections (d), (e), (f), and
3 (g) of this section, as applicable, whichever is greater.

4 Sec. 6.12. ADJUSTMENTS TO RETIREMENT AND DISABILITY PENSION
5 BENEFITS. (a) This section applies to the following benefits
6 provided under this article:

7 (1) [~~Annually on the first day of October,~~] a
8 retirement pension calculated under Section 6.01(e) [~~Section 6.01~~]
9 or 6.02 of this article;

10 (2) [~~7~~] a disability pension calculated under Section
11 6.04 of this article, other than under Section 6.04(a) of this
12 article;

13 (3) periodic disability compensation benefit under
14 Section [~~or~~] 6.05 of this article, other than Section 6.05(b-1) of
15 this article; [~~7~~] or

16 (4) a death benefit calculated under:

17 (A) Section 6.07 of this article, if calculated
18 in the manner of a retirement pension under Section 6.01(e) of this
19 article or in the manner of a disability compensation benefit under
20 Section 6.05(b) of this article; or

21 (B) Section 6.08 of this article currently in pay
22 status, or pending board approval on the last day of September [~~7~~
23 will be increased by an amount equal to four percent, not
24 compounded, of the original amount of the retirement or disability
25 pension or death benefit].

26 (b) Except as provided by Subsection (d) of this section,
27 annually on the first day of October, the pension system shall

1 increase the base pension of a benefit described by Subsection (a)
2 of this section by a percentage equal to the average annual rate of
3 actual investment return of the pension system for the five-year
4 period ending on the December 31 preceding the effective date of the
5 adjustment less five percent.

6 (c) An adjustment under this section may not be less than
7 zero percent or exceed four percent of the applicable base pension
8 benefit.

9 (d) The pension system may only make an adjustment to
10 benefits under this section if the ratio of the amount of the
11 pension system's market value of assets divided by the amount of the
12 pension system's actuarial accrued liabilities, after giving
13 effect to the adjustment, is not less than .70.

14 (e) For purposes of Subsection (d) of this section, the
15 amount of the pension system's market value of assets and the amount
16 of the pension system's actuarial accrued liabilities shall be
17 based on and determined as of the date of the most recently
18 completed actuarial valuation.

19 (f) The following persons may not receive an adjustment
20 under this section:

21 (1) a member on active service, including a DROP
22 participant;

23 (2) a pensioner until the first October 1 occurring
24 after both the pensioner's retirement and the earlier of:

25 (A) the date the pensioner reaches 62 years of
26 age; or

27 (B) the third anniversary of the date the

1 pensioner retired; or

2 (3) a qualified survivor until the first October 1
3 occurring after the earlier of:

4 (A) the date the qualified survivor reaches 62
5 years of age;

6 (B) the third anniversary of the date the primary
7 party retired; or

8 (C) the third anniversary of the date of the
9 member's or pensioner's death.

10 (g) [~~(b)~~] A [~~Group B~~] retirement or [~~Group B~~] disability
11 pension or periodic disability compensation paid to any Group B
12 pensioner may not be less than the Group B pensioner's base pension.

13 (h) The death benefit of the qualified survivors who are the
14 [~~a Group B qualified surviving~~] spouse, [~~Group B qualified~~
15 ~~surviving~~] dependent parent, or child of a Group B pensioner
16 [~~parents, as a group, or Group B qualified surviving children~~], as a
17 group, may not be less than 50 percent of the [~~a Group B~~]
18 pensioner's base pension.

19 Sec. 6.13. SUPPLEMENT TO CERTAIN RECIPIENTS 55 YEARS OF AGE
20 OR OLDER. (a) Except as provided by Subsection (b) of this
21 section, if [~~If~~] a pensioner had at least 20 years of pension
22 service under any plan adopted pursuant to Article 6243a or this
23 article, or if a pensioner is receiving the periodic [~~a~~
24 ~~service-connected~~] disability compensation benefit under Section
25 6.05 of this article [~~pension~~], the pensioner, the pensioner's
26 [~~qualified surviving~~] spouse who is a qualified survivor eligible
27 to receive benefits under this article, or the pensioner's

1 ~~[qualified surviving]~~ children who are qualified survivors, as a
2 group, under Section 6.06 ~~[6.06(e)]~~ of this article are entitled to
3 receive, when the pensioner or spouse who is a qualified survivor
4 ~~[surviving spouse]~~ attains 55 years of age, provided the pensioner
5 or spouse attains 55 years of age before September 1, 2017, ~~[the~~
6 ~~greater of]~~ a monthly supplement equal to the greater of \$50 or
7 three percent of their total monthly benefit~~[7]~~ and for months
8 ~~[years]~~ beginning on and after January 1, 1991, a ~~[the]~~ monthly
9 supplement ~~[will be]~~ equal to the greater of \$75 or three percent of
10 their total monthly benefit. For purposes only of calculating this
11 supplement, the phrase "their total monthly benefit" means the
12 amount payable to a pensioner or qualified survivors under the
13 terms of the plans described by this section under which the
14 pensioner or qualified survivor elected to receive benefits but
15 does not include the supplement authorized by this section or any
16 adjustments under Section 6.12 of this article made after September
17 1, 2017.

18 (b) A person described by Subsection (a) of this section
19 who, on September 1, 2017, is not receiving or has not received a
20 supplemental benefit under this section is not entitled to receive
21 a supplemental benefit under this section.

22 SECTION 42. Section 6.14, Article 6243a-1, Revised
23 Statutes, is amended by amending Subsections (a), (b), (c), (d),
24 (e), (f), (g), (h), and (j) and adding Subsections (e-1), (e-2),
25 (e-3), (e-4), (f-1), (g-1), (l), (m), (n), and (o) to read as
26 follows:

27 (a) A ~~[In lieu of either leaving active service and~~

1 ~~commencing a retirement pension as provided for under Section 6.01~~
2 ~~or 6.02 of this article, whichever is applicable, or remaining in~~
3 ~~active service and continuing to accrue additional pension benefits~~
4 ~~as provided under Section 6.01 or 6.02, a] member who remains on~~
5 active service after becoming [~~is~~] eligible to receive a [~~an~~
6 ~~unreduced~~] retirement pension under either Section 6.01 or 6.02 of
7 this article may [~~remain in active service,~~] become a participant
8 in the deferred retirement option plan [~~Deferred Retirement Option~~
9 ~~Plan ("DROP")~~] in accordance with Subsections (b) and (c) of this
10 section, and defer the beginning of the person's retirement
11 pension. Once an election to participate in the DROP has been made,
12 the election continues in effect at least as long as the member
13 remains in active service. On leaving active service, the member
14 may:

15 (1) apply for a retirement pension under Sections
16 6.01(b) and (c), Section 6.01(e), or Sections 6.02(b), (c), (d), or
17 (e) [~~Section 6.02~~] of this article, whichever is applicable,
18 together with any DROP benefit provided under this section; or

19 (2) continue to participate in DROP except the member
20 is ineligible for disability benefits described by Subsection (g-1)
21 of this section.

22 (b) The election to participate in the DROP shall be made in
23 accordance with procedures set forth in any uniform and
24 nondiscriminatory election form adopted by the board and in effect
25 from time to time. To determine the proper amount to be credited to
26 a member's DROP account, the election shall indicate whether the
27 member desires to receive a retirement pension under Sections

1 6.01(b) and (c), Section 6.01(e), or Section 6.02(b), (c), (d), or
2 (e) [6.02] of this article, whichever is applicable. The election
3 may be made at any time on or after the date the member becomes
4 eligible for a [an unreduced] retirement pension as provided by
5 this subsection. The election [under Sections 6.01(b) and (c),
6 Section 6.01(e), or Section 6.02 of this article, whichever is
7 applicable, and] becomes effective on the first day of the first
8 month on or after the date on which the member makes the election,
9 except that an election that would otherwise have been effective on
10 October 1, 1993, and every October 1 after that date, is considered,
11 for purposes of this section and Section 6.12 of this article, to be
12 effective on September 30 of the year in which it would otherwise
13 have been effective. On and after the effective date of the
14 election, the member will no longer be eligible for any refund of
15 [make member] contributions [to the fund, notwithstanding Section
16 4.03(b) or (f) of this article, whichever is applicable]. The
17 election by one or more members to participate in the DROP has no
18 effect on the amount of city contributions to the fund under Section
19 4.02 of this article.

20 (c) Each month after a member has made an election to
21 participate in the DROP and indicated a desire to receive a
22 retirement pension under Sections 6.01(b) and (c), Section 6.01(e),
23 or Section 6.02(b), (c), (d), or (e) [Section 6.02] of this article,
24 whichever is applicable, and through the month before the month in
25 which [until] the member leaves active service, an amount equal to
26 the retirement pension the member would have received under the
27 [Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02,

1 ~~whichever is~~] applicable subsection~~[7]~~ for that month if the member
2 had left active service and been granted a retirement pension by the
3 board on the effective date of DROP participation shall be credited
4 ~~[transferred]~~ to a separate DROP account maintained within the fund
5 for the benefit of the member. Amounts held in the DROP account of a
6 member ~~[member's DROP account]~~ shall be credited at the end of each
7 calendar month ~~[with interest at a rate that will approximately~~
8 ~~equal one-twelfth of the annual rate assumed by the pension~~
9 ~~system's qualified actuary and approved by the board as the assumed~~
10 ~~actuarial rate of return for the fund]~~. Notwithstanding this
11 section, effective January 1, 2018, a member on active service who
12 has 10 years or more of participation in DROP shall no longer have
13 the amount of the member's retirement pension credited to the
14 member's DROP account while the member is on active service.

15 (d) A ~~[On leaving active service and on the board's grant of~~
16 ~~a retirement pension, a]~~ member may not ~~[who participates in DROP~~
17 ~~shall begin to]~~ receive a ~~[the balance in the person's DROP account~~
18 ~~under one of the following methods of]~~ distribution from the
19 member's DROP account while the member is on active service
20 ~~[elected by the member.]~~

21 ~~[(1) a single-sum distribution made at a time selected~~
22 ~~by the member but not later than April 1 of the year after the member~~
23 ~~attains 70-1/2 years of age,~~

24 ~~[(2) an annuity to be paid in equal monthly payments~~
25 ~~for the life of the member, or for the life of the member and a~~
26 ~~designated beneficiary in the same manner as a retirement pension~~
27 ~~computed under Sections 6.01(b) and (c), Section 6.01(e), or~~

1 ~~Section 6.02 of this article, whichever is applicable, determined~~
2 ~~as of the date the member leaves active service based on the~~
3 ~~person's account balance and age and the age of the designated~~
4 ~~beneficiary, if applicable, on that date and using the mortality~~
5 ~~and earnings assumptions being used on that date by the pension~~
6 ~~system's qualified actuary and approved by the board as the assumed~~
7 ~~actuarial rate of return for the fund; or~~

8 ~~[(3) substantially equal monthly or annual payments of~~
9 ~~the person's account balance beginning at a time selected by the~~
10 ~~member that is on or before April 1st of the year after the member~~
11 ~~attains 70-1/2 years of age and extending over a fixed period that~~
12 ~~does not exceed the life expectancy of the member, or the life~~
13 ~~expectancy of the member and the member's designated beneficiary,~~
14 ~~if applicable].~~

15 (e) Except as provided by Subsections (e-1) and (1) of this
16 section, the balance in the [The] DROP account [balance] of a member
17 who terminated from active service on or before September 1, 2017,
18 or who terminates from active service shall be distributed to the
19 member in the form of an annuity, payable either monthly or annually
20 at the election of the member, by annuitizing the amount credited to
21 the DROP account over the life expectancy of the member as of the
22 date of the annuitization using mortality tables recommended by the
23 pension system's qualified actuary. The annuity shall be
24 distributed beginning as promptly as administratively feasible
25 after the later of, as applicable:

26 (1) the date the member retires and is granted a
27 retirement pension; or

1 (2) September 1, 2017 ~~[elects the method of~~
2 ~~distribution described by Subsection (d)(3) of this section shall~~
3 ~~be credited with interest on the unpaid balance at the end of each~~
4 ~~calendar month in the same manner as is prescribed by Subsection (c)~~
5 ~~of this section].~~

6 (e-1) The board may adopt a shorter period for annuitizing
7 DROP account balances under Subsection (e) of this section if the
8 pension system's qualified actuary determines that the shorter
9 period will not cause the pension system's amortization period to
10 exceed 25 years ~~[A member may change a distribution election at any~~
11 ~~time before the member attains 70-1/2 years of age to receive one or~~
12 ~~more additional payments or to accelerate or delay any payment not~~
13 ~~then due, if the change is communicated to the plan administrator,~~
14 ~~in accordance with procedures then in effect, not less than 30 days~~
15 ~~before the day it is to take effect and if the change does not result~~
16 ~~in a failure of the distributions to satisfy the requirements of~~
17 ~~Section 401(a)(9) of the code].~~

18 (e-2) The annuitization of a DROP account under Subsection
19 (e) of this section must reflect the accrual of interest on the
20 amount in the DROP account as of September 1, 2017, over the
21 annuitization period applied to the account under this section.
22 The interest rate applied under this subsection must be a rate as
23 reasonably equivalent as practicable to the interest rate on a note
24 issued by the United States Department of the Treasury or other
25 federal treasury note with a duration that is reasonably comparable
26 to the annuitization period applied to the account, as determined
27 by the board. The portion of an annuity attributable to amounts

1 credited to a member's DROP account on or after September 1, 2017,
2 may not reflect the accrual of this interest on annuitization.

3 (e-3) The board may by rule allow a DROP participant who has
4 terminated active service and who is eligible for a retirement
5 pension to:

6 (1) assign the distribution from the participant's
7 annuitized DROP account to a third party provided the pension
8 system receives a favorable private letter ruling from the Internal
9 Revenue Service ruling that such an assignment will not negatively
10 impact the pension system's qualified plan status; and

11 (2) subject to Subsection (e-4) of this section, in
12 the event of a financial hardship that was not reasonably
13 foreseeable obtain a lump-sum distribution from the participant's
14 DROP account resulting in a corresponding reduction in the total
15 number or in the amount of annuity payments.

16 (e-4) The board shall adopt rules necessary to implement
17 Subsection (e-3)(2) of this section, including rules regarding what
18 constitutes an unforeseeable emergency or hardship. In adopting
19 the rules, the board shall provide flexibility to members.

20 (f) The board may adopt rules and policies relating to the
21 administration of Subsections (e), (e-1), and (e-2) of this section
22 if the rules and policies are:

23 (1) consistent with the qualification of the plan
24 under Section 401 of the code; and

25 (2) in the best interest of the pension system [~~Any~~
26 ~~election made in accordance with Subsection (d) of this section may~~
27 ~~be changed at any time before leaving active service to any other~~

1 ~~election permitted by that subsection, subject to the requirements~~
2 ~~for spousal consent, in Section 6.14(d)(1), if applicable].~~

3 (f-1) The DROP account of a member who begins participating
4 in DROP on or after September 1, 2017, does not accrue interest.

5 (g) The provisions of Sections 6.06, 6.061, 6.062, 6.063,
6 6.07, and 6.08 of this article pertaining to death benefits of a
7 qualified survivor do not apply to amounts held in a member's or
8 pensioner's DROP account [~~, and the class of persons eligible to~~
9 ~~become qualified survivors of a member closes on the effective date~~
10 ~~of the member's participation in DROP]. Instead, a member or~~

11 pensioner who participates in DROP may designate a beneficiary to
12 receive the annuity payments under this section over the remaining
13 annuitization period [~~balance of the member's DROP account~~] in the
14 event of the member's or pensioner's death subject to any rights
15 provided under Subsection (e-3) of this section and in the
16 [~~following~~] manner allowed by Section 401(a)(9) of the code and any
17 policy adopted by the board. A member or pensioner who is or
18 becomes married is considered to have designated the member's or
19 pensioner's spouse as the member's or pensioner's beneficiary,
20 notwithstanding any prior beneficiary designation, unless the
21 member or pensioner has made a different designation in accordance
22 with a policy adopted by the board. If a member or pensioner does
23 not have a spouse or the spouse predeceases the member or pensioner,
24 the member's or pensioner's, as applicable, DROP account will be
25 distributed to the member's or pensioner's, as applicable,
26 designee. Notwithstanding anything in this section to the
27 contrary, if a member or pensioner has previously designated the

1 member's or pensioner's spouse as the beneficiary or co-beneficiary
2 of the DROP account and the member or pensioner and spouse are
3 subsequently divorced, the divorce automatically results in the
4 invalidation of the designation of the spouse as a beneficiary and,
5 if there is no additional beneficiary designated, the member's or
6 pensioner's DROP account shall be distributed as provided by
7 Subsection (e) of this section. If there are beneficiaries who
8 survive the deceased member or pensioner, the surviving
9 beneficiaries share equally in that portion that would have
10 otherwise been payable to the former spouse. [†

11 ~~[(1) The beneficiary designation must be made on an~~
12 ~~election form adopted by the board and in effect from time to time~~
13 ~~and in accordance with the conditions on the form, except that if~~
14 ~~the member is married, the designation of a beneficiary other than~~
15 ~~the member's spouse is valid only if the spouse consents to the~~
16 ~~designation at the time, in the manner, and on the consent form as~~
17 ~~is adopted by the board and in effect from time to time.~~

18 ~~[(2) If a member who participates in DROP dies while in~~
19 ~~active service or before the beginning of the member's DROP~~
20 ~~account, distributions will begin no more than one year after the~~
21 ~~date of the member's death under a method described by Subsection~~
22 ~~(d) of this section and shall be completed within the life, or life~~
23 ~~expectancy, of the designated beneficiary.~~

24 ~~[(3) If a member who participates in DROP dies after~~
25 ~~having begun to receive distributions in accordance with Subsection~~
26 ~~(d) of this section, the balance in the member's DROP account shall~~
27 ~~continue to be distributed to the member's designated beneficiary~~

1 ~~or other person described by Subdivision (4) of this subsection in~~
2 ~~accordance with any elections that had been made under Subsection~~
3 ~~(d) of this section.~~

4 ~~[(4) If the deceased member has not designated a~~
5 ~~beneficiary or has designated a beneficiary but not a method of~~
6 ~~distribution, the member's DROP account shall be distributed in a~~
7 ~~single-sum payment as soon as administratively feasible after the~~
8 ~~member's death to the beneficiary if one was designated and~~
9 ~~otherwise to the spouse if the member was married at the time of~~
10 ~~death or, if the member was not married, to the member's estate.]~~

11 (g-1) ~~[(5)]~~ A member who ~~[participates in DROP]~~ becomes a DROP participant is ineligible for any disability benefits
12 described by Section ~~[Sections]~~ 6.03, 6.04, or ~~[and]~~ 6.05 of this
13 article, but is entitled to ~~[instead, on the board's acknowledgment~~
14 ~~of a disability that would otherwise qualify the member for~~
15 ~~disability benefits, the board shall grant]~~ a retirement pension in
16 accordance with Sections 6.01(b) and (c), Section 6.01(e), or
17 Section 6.02 of this article, whichever is applicable, on
18 termination from active service, and ~~[the member]~~ is also entitled
19 to receive annuity payments ~~[both a retirement pension and a~~
20 ~~distribution of the DROP account]~~ in accordance with Subsection (e)
21 ~~[(d)]~~ of this section.

23 (h) The base pay or computation pay, whichever is
24 applicable, in effect as of the effective date of a ~~[Group A]~~
25 member's participation in DROP shall be used in calculating the
26 member's ~~[Group A]~~ retirement pension under Section 6.01 or 6.02 of
27 this article. A ~~[Group A]~~ member who elects to participate in DROP

1 does not accrue additional pension service for purposes of
2 computing a ~~[the Group A]~~ retirement pension ~~[provided under~~
3 ~~Section 6.01(e) of this article]~~ for any period after the effective
4 date of the election.

5 (j) Except as provided by Subsection (l) of this section, if
6 ~~[If]~~ a pensioner who has been a ~~[participated in]~~ DROP participant
7 returns to active service, the person must ~~[once again]~~ become a
8 participant in DROP under the terms and conditions in effect at the
9 time of ~~[the person's]~~ return to active service.

10 (l) Notwithstanding any other provision of this section and
11 except as provided by Subsection (o) of this section, a member who
12 has entered DROP before June 1, 2017, may revoke the DROP election
13 at any time on or after September 1, 2017, and before the earlier
14 of:

15 (1) February 28, 2018; or

16 (2) the member's termination of active service.

17 (m) If a member revokes participation in DROP under
18 Subsection (l) of this section:

19 (1) the member's DROP account balance is eliminated;

20 and

21 (2) the member shall receive pension service credited
22 for all or a portion of the period of the revoked DROP participation
23 on payment of the required contributions for the period of the
24 revoked DROP participation in accordance with a uniform and
25 nondiscriminatory procedure adopted by the board that results in
26 the payment of the amount of member contributions that would have
27 been made if the member had never participated in DROP.

1 (n) A member who revokes the member's DROP election under
2 Subsection (l) of this section is entitled to only a monthly pension
3 computed on the basis of the member's pension service, including
4 pension service purchased under Subsection (m) of this section:

5 (1) that is based on the member's average computation
6 pay at the time of leaving active service, if the member is a Group B
7 member; or

8 (2) as provided by Section 6.01(b) of this article, if
9 the member is a Group A member.

10 (o) A member may not revoke DROP participation under
11 Subsection (l) of this section if any money has been transferred out
12 of the member's DROP account.

13 SECTION 43. Sections 6.15(a), (b), and (e), Article
14 6243a-1, Revised Statutes, are amended to read as follows:

15 (a) The board may require the following pensioners
16 receiving a disability pension or a periodic disability
17 compensation benefit to appear and undergo a medical examination by
18 the health director or, if the health director approves, by any
19 licensed medical practitioner, to determine if the pensioner's
20 disability continues or has been removed to the extent that the
21 pensioner is able to resume duties with the department:

22 (1) any Group A pensioner who has served less than 20
23 years;

24 (2) any Group A pensioner who elected a Group A ~~[B]~~
25 disability pension under Section 6.04 [~~6.04(e)~~] of this article,
26 periodic disability compensation under Section 6.05 of this
27 article, or a non-service-connected disability pension under Plan A

1 or former Section 17(b)(2) of this article, and who had [~~has served~~]
2 more than 20 years of pension service, but is less than 55 years of
3 age; and

4 (3) any Group B pensioner who was granted [~~elected~~] a
5 Group B disability pension under Section 6.04 of this article or
6 periodic disability compensation under Section 6.05 of this article
7 or a disability pension under the terms of Plan B and is less than 50
8 years of age.

9 (b) Any medical examination under this section is subject to
10 the following conditions:

11 (1) Except as otherwise provided by this section, the
12 board has complete discretion to require a pensioner to appear and
13 undergo a medical examination as well as the time that may pass
14 between examinations. When it becomes clear to the board from
15 reliable medical evidence that the disability is unequivocally
16 permanent and is not expected to diminish, the board may waive [~~not~~
17 ~~require~~] subsequent examinations.

18 (2) A pensioner may not be required to undergo a
19 medical examination more often than once in a six-month period,
20 except that the board may order the pensioner to undergo an
21 examination at any time if the board has reason to believe the
22 pensioner's disability has been removed and that the pensioner may
23 be able to resume duties with the pensioner's former department or
24 if the pensioner requests to be allowed to return to duty.

25 (3) If a pensioner fails to undergo an examination
26 after being notified by the board that the examination is required,
27 the board may discontinue disability benefits until the pensioner

1 has undergone the examination and the results of the examination
2 have been sent to the board.

3 (4) If the pensioner is examined by an approved
4 outside medical practitioner other than the health director, the
5 reasonable and customary cost of the examination, if any, is
6 payable from the assets of the fund.

7 (e) Pursuant to its authority under Section 6.06(o-2)
8 [~~6.06(o)~~] of this article to review and modify any funding relating
9 to the disability of a child who is a qualified survivor [~~surviving~~
10 ~~child's handicap~~], the board may require the [~~a handicapped~~
11 qualified survivor with a disability [~~surviving child~~] receiving
12 death benefits to appear and undergo medical examination by the
13 health director or, if the health director approves, by any
14 licensed medical practitioner, to determine if the disability
15 [~~handicap~~] continues or if the disability [~~handicap~~] has been
16 removed.

17 SECTION 44. Sections 6.16, 6.18, and 6.19, Article 6243a-1,
18 Revised Statutes, are amended to read as follows:

19 Sec. 6.16. WAIVER OF BENEFITS. (a) A primary party
20 [~~pensioner who is on either service or disability retirement~~], [~~a~~
21 qualified survivor [~~surviving spouse, a handicapped qualified~~
22 ~~surviving child, a member who may be a participant in DROP~~], or [~~a~~
23 beneficiary of a member's [~~deceased former~~] DROP account
24 [~~participant, or a qualified surviving dependent parent~~] may, on a
25 form prescribed by the board and filed with the executive director
26 [~~administrator~~], [~~irrevocably~~] waive all or a portion of the
27 benefits[~~7~~] to which the person [~~who waives the benefit~~] is or may

1 be entitled. The waiver may state whether it is revocable or
2 irrevocable, and is irrevocable unless the waiver clearly states it
3 is revocable.

4 (b) The [~~irrevocable~~] waiver described by Subsection (a) of
5 this section applies only to [~~retirement, disability, or DROP~~
6 ~~survivor~~] benefits that become payable on or after the date the
7 waiver is filed.

8 (b-1) Benefits waived by a revocable waiver are forfeited
9 and the person making the waiver has no right, title, claim, or
10 interest in the benefits.

11 (c) If two or more persons are or may be entitled to benefits
12 under this article [~~there are two qualified surviving dependent~~
13 ~~parents receiving death benefits~~], the waiver described by
14 Subsection (a) of this section must be executed by each person to
15 become effective. The living parent or parents or legal guardian or
16 guardians of a child must sign the waiver described by Subsection
17 (a) of this section on behalf of the child [~~both of the parents~~].

18 Sec. 6.18. INVESTIGATION. (a) The board shall consider all
19 applications for retirement and disability pensions [~~of members~~],
20 all applications for death benefits [~~by qualified survivors~~], and
21 all elections to participate [~~for participation by a member~~] in
22 DROP. The board shall give notice to [~~these~~] persons applying for
23 benefits, advising them of their right to appear before the board
24 and offer such sworn evidence as they may desire. Any [~~primary~~
25 ~~party, survivor, or other~~] person claiming retirement, disability,
26 or DROP benefits may appear before the board [~~in person~~] and offer
27 testimony that is relevant to a contested application for a

1 retirement pension, a disability pension, death benefits
2 [~~benefit~~], or DROP benefits [~~benefit~~]. The chairman of the board
3 may issue process for witnesses, administer oaths to witnesses, and
4 examine any witness as to any matter affecting benefits under any
5 plan within the pension system. Process for witnesses shall be
6 served by any [~~member of the police or fire department or by any~~
7 ~~other~~] method of serving process [~~or person~~] permitted by the state
8 law in any civil judicial proceeding. A witness who fails or
9 refuses to attend and testify may be compelled to attend and
10 testify, as in any judicial proceeding. The board may seek
11 assistance from any court of competent jurisdiction to further
12 compel or sanction a witness who fails or refuses to attend and
13 testify.

14 (b) Any [~~primary party, spouse, child, dependent parent, or~~
15 ~~other~~] person [~~claiming DROP benefits~~] who is aggrieved by a
16 determination of the board regarding [~~on the person's application~~
17 ~~for or continuation of~~] a retirement pension, a disability pension,
18 [~~or~~] death benefits [~~benefit~~], or [~~an election for~~] DROP benefits
19 may appeal the board determination to a state district court in the
20 city [~~county~~] where the pension system is located by giving written
21 notice of appeal. The notice shall contain a statement of the
22 grounds and reasons why the party feels aggrieved. The notice shall
23 be served personally on the executive director [~~secretary of the~~
24 ~~board~~] within 20 days after the date of the board's determination.
25 After service of the notice, the party appealing shall file with the
26 state district court a copy of the notice of intention to appeal,
27 together with an affidavit of the party making service showing how,

1 when, and on whom the notice was served.

2 (c) Within 30 days after the date of service of the notice of
 3 appeal on the board, the executive director [~~secretary of the~~
 4 ~~board~~] shall make up and file with the state district court a
 5 transcript of all nonprivileged papers and proceedings in the case
 6 before the board. When the copy of the notice of appeal and the
 7 transcript has been filed with the court, the appeal is perfected,
 8 and the court shall docket the appeal, assign the appeal a number,
 9 fix a date for hearing the appeal, and notify both the appellant and
 10 the board of the date fixed for the hearing.

11 (d) At any time before the rendering of its decision on
 12 [~~the~~] appeal, the court may require further or additional proof or
 13 information, either documentary or under oath. On rendition of a
 14 decision on appeal, the court shall give to each party to the appeal
 15 a copy of the decision of the case. The decision [~~or order~~] of the
 16 court is appealable in the same manner as are civil cases generally.

17 (e) As provided by Section 4.01 of this article, the [~~The~~]
 18 board shall approve all money used for investigations [~~as provided~~
 19 ~~under Section 4.01 of this article~~]. The board may request the
 20 investigative services of either the police or fire departments in
 21 connection with any matter arising under this section.

22 Sec. 6.19. CERTIFICATE OF MEMBER PENSION BENEFIT
 23 ELIGIBILITY [~~RETIREMENT~~]. When a member has earned five [~~20~~] years
 24 of pension service, the member shall be issued an [~~a certificate of~~
 25 ~~retirement that, barring administrative error, miscalculation, or~~
 26 ~~other error, after issuance is~~] incontestable five-year
 27 certificate indicating that the member is entitled to pension

1 benefits subject to the effect of any withdrawals as permitted
 2 under Article 6243a or this article. The certificate shall state
 3 that the calculation of the retirement pension to which the member
 4 is entitled, or any disability benefits to which the member may
 5 become entitled, shall be determined solely under the actual terms
 6 of the combined pension plan as in effect at the time the member
 7 leaves active service. The certificate shall further state that in
 8 the case of the member's death, the member's qualified survivors, if
 9 any, may become ~~[shall be]~~ entitled to death ~~[survivor]~~ benefits as
 10 determined solely under the actual terms of the combined pension
 11 plan as in effect at the time of the member's death. The
 12 certificate shall bear a seal and be signed by the executive
 13 director ~~[mayor, or the mayor pro tem, or the city manager]~~ and ~~[by~~
 14 ~~the]~~ chairman of the board ~~[and attested under the seal of the city~~
 15 ~~by the city secretary].~~

16 SECTION 45. Part 6, Article 6243a-1, Revised Statutes, is
 17 amended by adding Section 6.20 to read as follows:

18 Sec. 6.20. ERRONEOUS PAYMENTS OR OVERPAYMENTS. (a) If the
 19 pension system pays money to any person not entitled to the payment,
 20 whether by reason of an error of the pension system as to
 21 entitlement to or the amount of a benefit or otherwise, or an act or
 22 error of some other person, including the recipient of the payment,
 23 the recipient of the payment holds the funds to which the recipient
 24 was not entitled in constructive trust for the pension system and
 25 those funds are subject to demand by the pension system at any time.

26 (b) The recipient of an erroneous payment from the pension
 27 system shall repay to the pension system all funds associated with

1 the erroneous payment.

2 (c) Subject to Subsection (e) of this section, the board may
3 by rule adopt a procedure to enable the pension system to offset the
4 future benefit or other payments of a recipient described by this
5 section. In addition, the board may take any additional action,
6 including the bringing of a lawsuit, the board considers necessary
7 to recover an erroneous payment the pension system is entitled to
8 under this section.

9 (d) If the pension system determines that a person is
10 entitled to additional benefits as a result of an error made by the
11 pension system, the pension system shall promptly pay the
12 additional benefits owed.

13 (e) The board's correction procedures must comply with the
14 Internal Revenue Service's Employee Plans Compliance Resolution
15 System and Revenue Procedure 2016-51, including subsequent
16 guidance.

17 SECTION 46. Article 6243a-1, Revised Statutes, is amended
18 by adding Part 6A to read as follows:

19 PART 6A. EQUITABLE ADJUSTMENTS

20 Sec. 6A.01. EQUITABLE ADJUSTMENTS TO BENEFITS. (a)
21 Subject to this section and notwithstanding any other provision of
22 this article, the board may consider and adopt rules requiring the
23 equitable return of funds paid to or credited to the benefit of a
24 member or pensioner under this article before September 1, 2017, to
25 the extent the funds exceeded reasonable amounts that should be
26 paid or credited given the circumstances of the pension system at
27 the time the payment or credit was made, including the return of

1 excessive interest credited to a member's DROP account and
2 excessive adjustments made under Section 6.12 of this article.

3 (b) For purposes of Subsection (a) of this section,
4 "reasonable amounts" includes the amounts that would have been paid
5 or credited:

6 (1) if the interest rate applied in determining a
7 benefit, including the interest rate applied to a DROP account,
8 equaled the actual, audited rate of return of the plan at the time
9 the interest was credited to the account; or

10 (2) if the percentage increase applied under Section
11 6.12 of this article equaled the percentage increase, if any, in the
12 Consumer Price Index for Urban Wage Earners and Clerical Workers
13 (CPI-W) most recently published by the Bureau of Labor Statistics
14 of the United States Department of Labor and used by the United
15 States Social Security Administration to provide a cost-of-living
16 adjustment for social security benefit payments payable beginning
17 in January of the next year.

18 Sec. 6A.02. ADJUDICATION OF CERTAIN CHALLENGES. (a) The
19 Texas Supreme Court has exclusive and original jurisdiction over a
20 challenge to the constitutionality under the Texas Constitution of
21 Section 6A.01 of this article. An action under this section is
22 authorized to the full extent permitted by Section 3, Article V,
23 Texas Constitution. The Texas Supreme Court may issue any
24 injunctive, declaratory, or equitable relief the court deems
25 appropriate or necessary to effectuate the court's mandamus
26 jurisdiction in connection with a challenge under this section.

27 (b) Any action brought under this section must be filed not

1 later than the 90th day after the date the board adopts a rule under
2 Section 6A.01 of this article.

3 (c) If an action brought under this section is timely filed,
4 the board may not enforce or otherwise administer any rules adopted
5 pursuant to Section 6A.01 of this article during the pendency of the
6 action.

7 SECTION 47. Section 8.01, Article 6243a-1, Revised
8 Statutes, is amended to read as follows:

9 Sec. 8.01. QUALIFICATION UNDER FEDERAL TAX LAW. (a) The
10 plans within the pension system and the assets of the fund are
11 intended to qualify as a governmental plan under Sections [~~Section~~
12 401 and 414(d) of the code, be exempt from federal income taxes
13 under Section 501(a) of the code, and conform at all times to
14 applicable requirements of law, regulations, and orders of duly
15 constituted federal governmental authorities. Accordingly, if any
16 provision of this article is subject to more than one construction,
17 one of which will permit the qualification of a plan that is within
18 the pension system, that construction that will permit the plan to
19 qualify and conform will prevail.

20 (b) The plans within the pension system as well as the
21 assets of the fund shall be maintained for the exclusive benefit of
22 members and their beneficiaries. At no time before the termination
23 of all the plans within the pension system and the satisfaction of
24 all liabilities with respect to members and their beneficiaries
25 under all plans shall any part of the principal or interest from the
26 assets of the fund be used for or diverted to purposes other than
27 the exclusive benefit of the members and beneficiaries.

1 (c) Notwithstanding any other provisions of this article,
2 the annual benefit [~~pension~~] provided with respect to any member
3 [~~may not exceed an annual benefit computed in accordance with the~~
4 ~~limitations prescribed by this subsection.~~

5 [~~(1) The maximum annual benefit payable~~] in any
6 limitation year [~~to a member~~] may not exceed the amount permitted by
7 Section 415(b) of the code for the limitation year, and the sum of
8 the member contributions and all other annual additions for any
9 limitation year may not exceed the amount permitted under Section
10 415(c) of the code for the limitation year. If the aggregated
11 annual benefit or aggregated annual additions under [~~lesser of:~~

12 [~~(A) \$90,000, or~~

13 [~~(B) 100 percent of a member's 415 compensation~~
14 ~~averaged over the three consecutive limitation years, or the actual~~
15 ~~number of limitation years for a member whose total pension service~~
16 ~~is less than three consecutive limitation years, during which the~~
17 ~~member had the greatest aggregate 415 compensation from the city.~~

18 [~~(2) Benefits provided to a member under this article~~
19 ~~and under any defined benefit plan or plans maintained by the city~~
20 ~~shall be aggregated for purposes of determining whether the~~
21 ~~limitations in Subdivision (1) of this subsection are met. If the~~
22 ~~aggregate benefits otherwise payable from~~] any qualified plans
23 created under this article and any other defined benefit plan or
24 plans maintained by the city would otherwise exceed the limitations
25 of Section 415 of the code [~~Subdivision (1) of this subsection~~], the
26 required reductions in benefits or contributions shall first be
27 made to the extent possible from the other plan or plans. The

1 limitations referenced in this subsection shall be adjusted
2 annually in accordance with Section 415(d) of the code and any
3 adjustment to benefits applies to the benefits of active and
4 terminated members and applies without regard to whether a
5 terminated member is a pensioner.

6 ~~[(3) The adjustments on retirement are the following:~~

7 ~~[(A) If the annual benefit begins before a member~~
8 ~~attains age 62, the \$90,000 limitation, as adjusted, shall be~~
9 ~~reduced in a manner prescribed by the secretary of the treasury.~~
10 ~~However, that adjustment may not reduce the member's annual benefit~~
11 ~~below \$75,000, if the member's benefit begins after age 55, or the~~
12 ~~actuarial equivalent of \$75,000 beginning at age 55 if benefits~~
13 ~~begin before age 55. Furthermore, except as provided by Paragraph~~
14 ~~(C) of this subdivision, an adjustment may not reduce the member's~~
15 ~~annual benefit below \$50,000, regardless of the age at which the~~
16 ~~benefit begins.~~

17 ~~[(B) If the annual benefit begins after a member~~
18 ~~attains age 65, the \$90,000 limitation, as adjusted, will be~~
19 ~~increased so that it is the actuarial equivalent of the \$90,000~~
20 ~~limitation at age 65.~~

21 ~~[(C) If a member's benefits begin before the~~
22 ~~member has at least 15 years of pension service as a full-time~~
23 ~~employee of the police or fire department, or both, including~~
24 ~~credit for full-time service in the armed forces of the United~~
25 ~~States, Paragraphs (A) and (B) of this subdivision shall be applied~~
26 ~~by substituting "social security retirement age" for "age 62" and~~
27 ~~for "age 65," and the last two sentences of Paragraph (A) of this~~

1 ~~subdivision do not apply in computing the benefit limitation for~~
2 ~~that member.~~

3 ~~[(D) The portion of a member's benefit that is~~
4 ~~attributable to the member's own contributions is not part of the~~
5 ~~annual benefit subject to the limitations of Subdivision (1) of~~
6 ~~this subsection. Instead, the amount of those contributions is~~
7 ~~treated as an annual addition to a qualified defined contribution~~
8 ~~plan maintained by the city.~~

9 ~~[(4)(A) The dollar limitation on annual benefits~~
10 ~~provided by Subdivision (1) of this subsection, and the \$50,000~~
11 ~~limitation provided by Subdivision (3) of this subsection, but not~~
12 ~~the \$75,000 limitation provided by that subsection, shall be~~
13 ~~adjusted annually as provided by Section 415(d) of the code and the~~
14 ~~regulations prescribed by the secretary of the treasury. The~~
15 ~~adjusted limitation is effective as of January 1 of each calendar~~
16 ~~year and is applicable to limitation years ending with or within~~
17 ~~that calendar year.~~

18 ~~[(B) The limitation provided by this paragraph~~
19 ~~for a member who has separated from service with a vested right to a~~
20 ~~pension shall be adjusted annually as provided by Section 415(d) of~~
21 ~~the code and the regulations prescribed by the secretary of the~~
22 ~~treasury.~~

23 ~~[(5) The following interest rate assumptions shall be~~
24 ~~used in computing the limitations under this section.~~

25 ~~[(A) For the purpose of determining the portion~~
26 ~~of the annual benefit that is purchased with member contributions,~~
27 ~~the interest rate assumption is 8.5 percent, compounded annually,~~

1 ~~for plan years beginning before 1988 and 120 percent of the federal~~
2 ~~mid-term rate, as in effect under Section 1274 of the code,~~
3 ~~compounded annually, for plan years beginning after 1987.~~

4 ~~[(B) For the purpose of adjusting the annual~~
5 ~~benefit to a straight life annuity, the interest rate assumption is~~
6 ~~five percent, unless a different rate is required by the secretary~~
7 ~~of the treasury.~~

8 ~~[(C) For the purpose of adjusting the \$90,000~~
9 ~~limitation after a member attains age 65, the interest rate~~
10 ~~assumption is five percent, unless a different rate is required by~~
11 ~~the secretary of the treasury, and the mortality decrement shall be~~
12 ~~ignored to the extent that a forfeiture does not occur at death.~~

13 ~~[(6) For purposes of Subdivisions (1) and (3) of this~~
14 ~~subsection, an adjustment under Section 415(d) of the code may not~~
15 ~~be taken into account before the limitation year for which that~~
16 ~~adjustment first takes effect. For purposes of Subdivisions (1)~~
17 ~~and (5) of this subsection, an adjustment is not required for the~~
18 ~~value of qualified joint and survivor annuity benefits,~~
19 ~~preretirement death benefits, postretirement medical benefits, or~~
20 ~~postretirement cost-of-living increases made in accordance with~~
21 ~~Section 415(d) of the code and Section 1.415-3(c) of the Income Tax~~
22 ~~Regulations.~~

23 ~~[(7) This plan may pay an annual benefit to any member~~
24 ~~in excess of the member's maximum annual benefit otherwise allowed~~
25 ~~if:~~

26 ~~[(A) the annual benefit derived from the city's~~
27 ~~contributions under any qualified plans within this article and all~~

1 ~~defined benefit plans maintained by the city does not in the~~
2 ~~aggregate exceed \$10,000 for the limitation year or for any prior~~
3 ~~limitation year, and~~

4 ~~[(B) the member has not at any time participated~~
5 ~~in a defined contribution plan maintained by the city.]~~

6 ~~[For purposes of this subdivision, member contributions to~~
7 ~~the plan are not considered a separate defined contribution plan~~
8 ~~maintained by the city.]~~

9 ~~[(8) If a member has less than 10 years of pension~~
10 ~~service in the plan at the time the member begins to receive~~
11 ~~benefits under the plan, the \$90,000 limitation, as adjusted, shall~~
12 ~~be reduced by multiplying the limitation by a fraction in which the~~
13 ~~numerator is the number of years of pension service and the~~
14 ~~denominator is 10; provided, however, that the fraction may not be~~
15 ~~less than one-tenth. The 100 percent limitation of Subdivision~~
16 ~~(1)(B) of this subsection, and the \$10,000 limitation of~~
17 ~~Subdivision (7) of this subsection shall be reduced in the same~~
18 ~~manner as provided by this subdivision, except the numerator shall~~
19 ~~be the number of years of employment with the city rather than years~~
20 ~~of pension service.]~~

21 ~~[(9) If a member is or has been a participant in one or~~
22 ~~more defined benefit plans and one or more defined contribution~~
23 ~~plans maintained by the city, the following provisions shall apply:]~~

24 ~~[(A) The sum of the defined benefit plan fraction~~
25 ~~and the defined contribution plan fraction for any limitation year~~
26 ~~may not exceed 1.0.]~~

27 ~~[(B) The defined benefit plan fraction for any~~

1 ~~limitation year is a fraction in which:~~

2 ~~[(I) the numerator is the projected annual~~
3 ~~benefit of a member, determined as of the close of the limitation~~
4 ~~year pursuant to Section 1.415-7(b)(3) of the Income Tax~~
5 ~~Regulations; and~~

6 ~~[(II) the denominator is the lesser of:~~

7 ~~[(i) the product of 1.25 and the maximum~~
8 ~~dollar limitation provided by Subdivision (1)(A) of this~~
9 ~~subsection, as adjusted, for the limitation year; or~~

10 ~~[(ii) the product of 1.4 and the amount that~~
11 ~~may be taken into account under Subdivision (1)(B) of this~~
12 ~~subsection for the limitation year.~~

13 ~~[(C) The defined contribution plan fraction for~~
14 ~~any limitation year is a fraction in which:~~

15 ~~[(I) the numerator is the sum of the annual~~
16 ~~additions to the member's account as of the close of the limitation~~
17 ~~year; and~~

18 ~~[(II) the denominator is the sum of the~~
19 ~~lesser of the following amounts determined for the limitation year~~
20 ~~and each prior year of service with the city:~~

21 ~~[(i) the product of 1.25 and the dollar~~
22 ~~limitation in effect under Section 415(c)(1)(A) of the code for the~~
23 ~~limitation year, determined without regard to Section 415(c)(6) of~~
24 ~~the code; or~~

25 ~~[(ii) the product of 1.4 and the amount that~~
26 ~~may be taken into account under Section 415(c)(1)(B) of the code for~~
27 ~~the limitation year beginning before January 1, 1987; the annual~~

1 ~~additions may not be recomputed to treat all member contributions~~
2 ~~as an annual addition.~~

3 ~~[(D) If the sum of the defined benefit plan~~
4 ~~fraction and the defined contribution plan fraction exceeds 1.0 in~~
5 ~~any limitation year for any member of any plan within the pension~~
6 ~~system, the administrator shall limit, to the extent necessary, the~~
7 ~~annual additions to the member's account for that limitation year.~~
8 ~~If after limiting to the extent possible the annual additions to the~~
9 ~~member's account for the limitation year, the sum of the defined~~
10 ~~benefit plan fraction and the defined contribution plan fraction~~
11 ~~still exceeds 1.0, the administrator shall adjust the benefits~~
12 ~~under the defined benefit plan fraction so that the sum of both~~
13 ~~fractions shall not exceed 1.0 in any limitation year for the~~
14 ~~member.~~

15 ~~[(10) For purposes of determining the limits provided~~
16 ~~by this section, all qualified defined benefit plans, whether~~
17 ~~terminated or not, ever maintained by or contributed to by the city,~~
18 ~~shall be treated as one defined benefit plan, and all qualified~~
19 ~~defined contribution plans, whether terminated or not, ever~~
20 ~~maintained by or contributed to by the city, shall be treated as one~~
21 ~~defined contribution plan.]~~

22 (c-1) ~~[(11)]~~ Notwithstanding anything contained in this
23 section to the contrary, the limitations, adjustments, and other
24 requirements prescribed by this section shall at all times be
25 computed in the manner most favorable to the affected members, to
26 the extent permitted by guidelines issued by the Internal Revenue
27 Service ~~[comply with the requirements of Section 415 of the code and~~

1 ~~all regulations promulgated under the code~~]. If any provision of
2 Section 415 of the code is repealed or is not enforced by the
3 Internal Revenue Service, that provision may not reduce the
4 benefits of any member after the effective date of the repeal of the
5 provision or during the period in which the provision is not
6 enforced.

7 (c-2) Any benefit reductions that are required to be made
8 under this section shall be applied to reduce the monthly benefit
9 that would otherwise have been payable to the member, unless the
10 value of the member's DROP account accrued under Section 6.14 of
11 this article exceeds the amount that may be paid under this section.
12 If the value of the DROP account exceeds the value of the payments
13 that may be made under this section, the member shall receive a
14 lump-sum payment from the account of the maximum amount that may be
15 paid under this section and the payment shall permanently reduce
16 the benefits the member would otherwise have been entitled to
17 receive under the combined pension plan.

18 (d) A member's retirement pension may not begin later than
19 April 1 of the year after the later of the year in which the member
20 leaves active service or the year in which the member attains age
21 70-1/2 and must at all times comply with the requirements of Section
22 401(a)(9) of the code. [~~Benefits to a qualified beneficiary may not~~
23 ~~begin later than one year after the date of the member's death~~].

24 (e) Any person [~~member or beneficiary~~] who receives any
25 distribution from any plan within the pension system that is an
26 eligible rollover distribution as defined by Section 402(f)(2)(A)
27 of the code is entitled to have that distribution transferred

1 directly to another eligible retirement plan as defined by Section
 2 402(c)(8)(B) of the code of the person's [~~member's or beneficiary's~~]
 3 choice on providing direction regarding that transfer to the
 4 executive director [~~administrator~~] in accordance with procedures
 5 established by the executive director [~~administrator~~].

6 (e-1) If an eligible rollover distribution described by
 7 Subsection (e) of this section is to a designated beneficiary who is
 8 not the spouse or former spouse of the member, the transfer may only
 9 be to an individual retirement account or an individual retirement
 10 annuity.

11 (f) For the 2017 calendar year, the [~~The~~] annual
 12 compensation taken into account for any purpose under the combined
 13 pension plan [~~this article~~] may not exceed \$400,000 for an eligible
 14 participant or \$270,000 for an ineligible participant [~~\$200,000 for~~
 15 ~~any calendar year~~]. For a Group A member the term "annual
 16 compensation" means the aggregate of the member's base pay. For a
 17 Group B member the term "annual compensation" means the aggregate
 18 of the member's computation pay for any given plan year. These
 19 dollar limits [~~The \$200,000 limit~~] shall be adjusted from [~~on~~
 20 ~~January 1 of each year at the same~~] time to time [~~and~~] in accordance
 21 with guidelines [~~the same manner as~~] provided by the secretary of
 22 the treasury. For [~~Section 415(d) of the code. In determining the~~
 23 ~~compensation of a member for~~] purposes of this subsection, an:

24 (1) "eligible participant" means any person who first
 25 became a member of the pension system before January 1, 1996; and

26 (2) "ineligible participant" means any member who is
 27 not an eligible participant [~~limitation, the family aggregation~~]

1 ~~rules of Section 414(q)(6) of the code apply, except that the term~~
2 ~~"family member" includes only the spouse of the member and any~~
3 ~~lineal descendants of the member who have not attained age 19 at the~~
4 ~~end of the plan year. If as a result of this family aggregation~~
5 ~~requirement, the \$200,000 limit is exceeded, the limitation shall~~
6 ~~be prorated among the affected individuals in proportion to each~~
7 ~~individual's compensation as determined before application of the~~
8 ~~limit].~~

9 (g) For purposes of Subsection (h) of this section, "normal
10 retirement age" means the earlier of:

11 (1) the attainment of 50 years of age on or before
12 September 1, 2017, and completion of at least five years of pension
13 service;

14 (2) the attainment of 58 years of age after September
15 1, 2017, and completion of at least five years of pension service;
16 or

17 (3) completion of 20 years of pension service.

18 (h) The retirement benefit earned by a member is
19 nonforfeitable:

20 (1) on attainment of normal retirement age, if not
21 already nonforfeitable; or

22 (2) to the extent the benefit is funded, if not already
23 nonforfeitable, on the termination or partial termination of the
24 combined pension plan or the complete discontinuance of city
25 contributions to the fund.

26 (i) In accordance with Section 401(a)(8) of the code,
27 forfeitures arising under the combined pension plan may not be used

1 to increase the benefits any member would otherwise receive under
2 the terms of the plan. Forfeitures may be used first to reduce
3 administrative expenses, then to reduce required city
4 contributions.

5 (j) Subject to procedures adopted by the board, the pension
6 system shall accept an eligible rollover distribution from another
7 eligible retirement plan as defined by Section 402(f)(2)(B) of the
8 code as payment of all or a portion of any payment a member is
9 permitted to make to the pension system for past pension service
10 credit. The pension system shall separately account for any
11 after-tax contributions transferred from any plan under this
12 subsection.

13 SECTION 48. Section 8.02, Article 6243a-1, Revised
14 Statutes, is amended to read as follows:

15 Sec. 8.02. EXCESS BENEFIT PLAN FOR POLICE OFFICERS AND FIRE
16 FIGHTERS. The board may by rule establish and administer [~~On the~~
17 ~~enactment of federal legislation enabling public retirement~~
18 ~~systems to establish excess benefit plans for the benefit of~~
19 ~~employees for whom additional benefits from retirement plans~~
20 ~~qualified under Section 401 of the code would exceed the~~
21 ~~limitations of Section 415 of the code, there is created outside the~~
22 ~~pension system] a separate^[7] qualified governmental
23 [nonqualified] excess benefit arrangement and associated trust for
24 the arrangement in accordance with Section 415(m) of the code.
25 ~~[plan containing the following terms and provisions:~~~~

26 ~~[(a)(1) All definitions prescribed by Section 2.01 of this~~
27 ~~article are applicable to the plan created pursuant to this section~~

1 except:

2 ~~[(A) if a different definition is set forth in~~
3 ~~this subsection; or~~

4 ~~[(B) the context in which a term is used in this~~
5 ~~section indicates a different meaning is clearly intended than that~~
6 ~~prescribed by Section 2.01 of this article.~~

7 ~~[(2) "Excess benefit plan" means this separate,~~
8 ~~nonqualified, unfunded excess benefit plan as created by this~~
9 ~~section for the benefit of eligible members, as amended or restated~~
10 ~~from time to time.~~

11 ~~[(3) "Qualified plan" means any plan maintained within~~
12 ~~the pension system or maintained by the city outside the pension~~
13 ~~system for the exclusive benefit of some or all of the employees of~~
14 ~~the city if the plan has been found by the Internal Revenue Service~~
15 ~~to be qualified or has been treated by the city as a qualified plan~~
16 ~~under Section 401 of the code.~~

17 ~~[(4) "Maximum benefit" means the retirement benefit a~~
18 ~~member or, the spouse, any child, or any dependent parent of a~~
19 ~~member if those persons are entitled, is entitled to receive from~~
20 ~~all qualified plans in any month after giving effect to Section 8.01~~
21 ~~of this article and any similar provisions of any other qualified~~
22 ~~plans designed to conform to Section 415 of the code.~~

23 ~~[(5) "Excess benefit participant" means any member~~
24 ~~whose retirement benefits as determined on the basis of all~~
25 ~~qualified plans without regard to the limitations of Section 8.01~~
26 ~~of this article and comparable provisions of other qualified plans~~
27 ~~would exceed the maximum benefit permitted under Section 415 of the~~

1 code.

2 ~~[(6) "Unrestricted benefit" means the monthly~~
3 ~~retirement benefit a member, or the spouse or any child of a member,~~
4 ~~would have received under the terms of all qualified plans except~~
5 ~~for the restrictions of Section 8.01 of this article and any similar~~
6 ~~provisions of any other qualified plans designed to conform to~~
7 ~~Section 415 of the code.~~

8 ~~[(b)(1) An excess benefit participant who is receiving~~
9 ~~benefits from an applicable qualified plan is entitled to a monthly~~
10 ~~benefit under this excess benefit plan in an amount equal to the~~
11 ~~lesser of:~~

12 ~~[(A) the member's unrestricted benefit less the~~
13 ~~maximum benefit, or~~

14 ~~[(B) the amount by which the member's monthly~~
15 ~~benefit from the qualified plan or plans approved by the members has~~
16 ~~been reduced due to the limitations of Section 415 of the code.~~

17 ~~[(2) In the case of the death of an excess benefit~~
18 ~~participant whose spouse or child is entitled to preretirement or~~
19 ~~postretirement death benefits under a qualified plan, the excess~~
20 ~~benefit participant's surviving spouse or child is entitled to a~~
21 ~~monthly benefit under the excess benefit plan equal to the benefit~~
22 ~~determined in accordance with the qualified plans without regard to~~
23 ~~the limitations under Section 8.01 of this article or Section 415 of~~
24 ~~the code, less the maximum benefit.~~

25 ~~[(3) Unless the excess benefit participant makes a~~
26 ~~timely election to the contrary, a retirement benefit payable under~~
27 ~~this excess benefit plan shall be paid in the form and at the time it~~

1 ~~would have been paid under the applicable qualified plan except for~~
2 ~~the limitations under Section 415 of the code. However, retirement~~
3 ~~benefits payable under this excess benefit plan shall be paid at the~~
4 ~~time and in the form, including a single-sum distribution, as the~~
5 ~~excess benefit participant elects from among the benefit payment~~
6 ~~forms made available under the election form as approved by the~~
7 ~~board. An excess benefit participant makes an election under this~~
8 ~~subdivision by sending written notice to the administrator on the~~
9 ~~election form approved by the board. Each optional benefit form~~
10 ~~permitted under this excess benefit plan shall be the actuarial~~
11 ~~equivalent of each other permitted benefit form. On or after an~~
12 ~~excess benefit participant's leaving active service with an~~
13 ~~entitlement to a retirement benefit under any qualified plan~~
14 ~~approved by the members, a benefit under this subdivision may be~~
15 ~~elected to be paid.~~

16 ~~[(c)(1) This plan shall be administered by the board, and~~
17 ~~the administrator shall also carry out the business of the board~~
18 ~~with respect to this excess benefit plan. Except as provided to the~~
19 ~~contrary by this subsection, the rights, duties, and~~
20 ~~responsibilities of the board and administrator shall be the same~~
21 ~~for this excess benefit plan as for the qualified pension plans~~
22 ~~within the pension system.~~

23 ~~[(2) The qualified actuary employed pursuant to~~
24 ~~Section 4.08 of this article is responsible for determining the~~
25 ~~amount of benefits that may not be provided under the qualified~~
26 ~~plans solely by reason of the limitations of Section 415 of the code~~
27 ~~and thus the amount of city contributions that will be made to this~~

1 ~~excess benefit plan rather than to a qualified plan.~~

2 ~~[(3) The legal advisors described by Section 3.03 of~~
3 ~~this article shall also provide advice to the board for this excess~~
4 ~~benefit plan.~~

5 ~~[(d) Contributions may not be accumulated under this excess~~
6 ~~benefit plan to pay future retirement benefits. Instead, each~~
7 ~~payment of city contributions that would otherwise be made to the~~
8 ~~fund pursuant to Section 4.02 of this article or comparable~~
9 ~~provisions of other qualified plans approved by the members shall~~
10 ~~be reduced by the amount determined by the administrator as~~
11 ~~necessary to meet the requirements for retirement benefits under~~
12 ~~this excess benefit plan until the next payment of city~~
13 ~~contributions is expected to be made to the fund by the city. The~~
14 ~~city shall then pay to this excess benefit plan, out of the withheld~~
15 ~~city contributions no earlier than the 14th day before the date of~~
16 ~~each distribution of monthly retirement benefits is required to be~~
17 ~~made from this excess benefit plan, the amount necessary to satisfy~~
18 ~~the obligation to pay this excess benefit plan monthly retirement~~
19 ~~benefits. The administrator shall satisfy the obligation of this~~
20 ~~excess benefit plan to pay retirement benefits out of the city~~
21 ~~contributions so transferred for that month. The city~~
22 ~~contributions otherwise required to the pension system pursuant to~~
23 ~~Section 4.02 of this article and any other qualified plan approved~~
24 ~~by the members shall be divided into those contributions required~~
25 ~~to pay retirement benefits pursuant to this section and those~~
26 ~~contributions paid into and accumulated to pay the maximum benefits~~
27 ~~required under the qualified plans. City contributions made to~~

1 ~~provide retirement benefits pursuant to this section may not be~~
2 ~~commingled with the monies of the fund or any other qualified plan.~~

3 ~~[(c) Amendments to this excess benefit plan shall be made in~~
4 ~~the same manner provided by Section 7.01 of this article.]~~

5 SECTION 49. Section 8.03, Article 6243a-1, Revised
6 Statutes, is amended to read as follows:

7 Sec. 8.03. EXEMPTION OF BENEFITS FROM JUDICIAL PROCESS OR
8 ALIENATION. (a) A portion of the fund or benefit or amount awarded
9 to any primary party, qualified survivor, ~~[or]~~ beneficiary of a
10 member's DROP account, excess benefit participant, or survivor of
11 an excess benefit participant under this article may not be held,
12 seized, taken, subjected to, or detained or levied on by virtue of
13 any execution, attachment, garnishment, injunction, or other writ,
14 order, or decree, or any process or proceedings issued from or by
15 any court for the payment or satisfaction, in whole or in part, of
16 any debt, damage, claim, demands, or judgment against any person
17 entitled to benefits from any plan within the pension system or from
18 the excess benefit plan. The fund and the excess benefit plan or
19 any claim against the fund or the excess benefit plan may not be
20 directly or indirectly assigned or transferred, and any attempt to
21 transfer or assign the fund or the excess benefit plan or a claim
22 against the fund or the excess benefit plan is void.

23 (b) A benefit under any plan created or existing pursuant to
24 this article or Article 6243a is subject to division pursuant to the
25 terms of a qualified domestic relations order. The executive
26 director ~~[administrator]~~ shall determine the qualifications of a
27 domestic relations order according to a uniform, consistent

1 procedure approved by the board. The total benefit payable to a
2 primary party or to an alternate payee under a qualified domestic
3 relations order may not actuarially exceed the benefits to which a
4 primary party would be entitled in the absence of the qualified
5 domestic relations order. In calculating the alternate payee's
6 benefits under a qualified domestic relations order, the interest
7 rate is the rate used by the pension system's actuary in the
8 actuarial evaluation for that year, except that the minimum
9 interest rate for this purpose is the minimum required by Section
10 414 of the code.

11 (c) This section does not preclude:

12 (1) the payment of death benefits to a [~~support~~] trust
13 for certain [~~surviving~~] children of a primary party pursuant to
14 Section 6.06(n) of this article;

15 (2) the withholding of federal taxes from pension
16 benefits;

17 (3) the recovery by the board of overpayments of
18 benefits previously made to any person;

19 (4) the direct deposit of benefit payments to an
20 account in a bank, savings and loan association, credit union, or
21 other financial institution, provided the arrangement is not an
22 alienation;

23 (5) under any policy adopted by the board and
24 uniformly applied to voluntary arrangements entered into by a
25 primary party or qualified survivor, any voluntary and revocable
26 arrangement entered into by a pensioner or a qualified survivor
27 that permits the withholding and direct payment of health care or

1 life insurance premiums or similar payments from the monthly
2 benefit payments; or

3 (6) an assignment of the distribution from an
4 annuitized DROP account to a third party under Section 6.14(e-3)(1)
5 of this article.

6 (d) For purposes of Subsection (c) of this section, an
7 attachment, garnishment, levy, execution, or other legal process is
8 not considered a voluntary arrangement.

9 SECTION 50. The following provisions of Article 6243a-1,
10 Revised Statutes, are repealed:

- 11 (1) Section 1.01(b);
- 12 (2) Section 3.01(c);
- 13 (3) Section 4.01(b);
- 14 (4) Section 4.02(f);
- 15 (5) Sections 6.06(i) and (s);
- 16 (6) Section 6.10B(h);
- 17 (7) Sections 6.14(i) and (k); and
- 18 (8) Part 7.

19 SECTION 51. (a) In this section, "board," "city," "city
20 manager," "nominations committee," "pension system," and "trustee"
21 have the meanings assigned by Section 2.01, Article 6243a-1,
22 Revised Statutes, as amended by this Act.

23 (b) The terms of the current trustees expire on the
24 effective date of this Act. Subject to Subsection (e) of this
25 section, on that date or as soon as possible after that date:

- 26 (1) the mayor, nominations committee, and city
27 manager, as applicable, shall appoint new trustees to the board in

1 accordance with the requirements of Sections 3.01(b)(1), (2), and
2 (3), Article 6243a-1, Revised Statutes, as added by this Act; and
3 (2) notwithstanding the requirements of Sections
4 3.01(b)(4) and (5) and (f), Article 6243a-1, Revised Statutes, as
5 added or amended by this Act, that the board adopt rules governing
6 the nomination and election of trustees appointed under Sections
7 3.01(b)(4) and (5), Article 6243a-1, Revised Statutes, as added by
8 this Act, the nominations committee shall adopt procedures for
9 nominating and electing the initial trustees nominated and elected
10 under Sections 3.01(b)(4) and (5), Article 6243a-1, Revised
11 Statutes, as added by this Act.

12 (c) Notwithstanding Section 3.01(o), Article 6243a-1,
13 Revised Statutes, as amended by this Act, and except as provided by
14 Subsections (d) and (h) of this section, the board may not take any
15 action authorized by Article 6243a-1, Revised Statutes, until at
16 least 10 initial trustees have been appointed or elected, unless
17 the action is in the ordinary course of business of the board and is
18 required for the continued administration of the pension system.

19 (d) Once all trustees have been appointed to the board under
20 this section, the board shall by majority vote adopt rules
21 establishing a process for nominating and electing trustees under
22 Sections 3.01(b)(4) and (5), Article 6243a-1, Revised Statutes, as
23 added by this Act.

24 (e) The city manager and the nominations committee shall
25 jointly appoint a new trustee to the board under Section
26 3.01(b)(3), Article 6243a-1, Revised Statutes, as added by this
27 Act, not later than the 60th day after the effective date of this

1 Act.

2 (f) As soon as possible after the effective date of this
3 Act, the mayor and the nominations committee shall:

4 (1) make a determination under Section 3.01(e),
5 Article 6243a-1, Revised Statutes, as amended by this Act,
6 regarding the term limits of the board established under that
7 article; and

8 (2) notwithstanding Section 3.01(e), Article 6243a-1,
9 Revised Statutes, as amended by this Act, determine the terms of
10 initial trustees to ensure the appropriate staggering of trustee
11 terms.

12 (g) Notwithstanding Section 3.01(g), Article 6243a-1,
13 Revised Statutes, the board shall elect from among its trustees an
14 initial chairman, vice chairman, and deputy vice chairman as soon
15 as possible after all trustees have been appointed or elected in
16 accordance with this Act and, if the board elects to do so, an
17 initial second deputy vice chairman.

18 (h) Not later than the 90th day after the date all trustees
19 under Section 3.01, Article 6243a-1, Revised Statutes, as amended
20 by this Act, have been appointed or elected, the board shall vote on
21 and, if the board determines it is appropriate, amend the existing
22 rules relating to the governance and conduct of the board.

23 SECTION 52. (a) Not later than January 1, 2018, the board
24 of trustees of the pension system established under Article
25 6243a-1, Revised Statutes, shall:

26 (1) establish the ethics policy required by Section
27 3.01(r), Article 6243a-1, Revised Statutes, as added by this Act;

1 and

2 (2) appoint an executive director under Section 3.04,
3 Article 6243a-1, Revised Statutes, as amended by this Act.

4 (b) As soon as possible after the executive director is
5 appointed under Subsection (a) of this section, the executive
6 director may hire, subject to confirmation by the board of trustees
7 of the pension system established under Article 6243a-1, Revised
8 Statutes, a chief investment officer as authorized under Section
9 3.025, Article 6243a-1, Revised Statutes, as added by this Act, and
10 a chief legal officer as authorized under Section 3.03(c), Article
11 6243a-1, Revised Statutes, as amended by this Act.

12 SECTION 53. (a) In this section, "executive director,"
13 "nominations committee," and "pensioner" have the meanings
14 assigned by Section 2.01, Article 6243a-1, Revised Statutes, as
15 amended by this Act.

16 (b) As soon as possible after the effective date of this
17 Act, but not later than the 30th day after the effective date of
18 this Act:

19 (1) the president, chair, or other executive head of
20 an organization described by Section 3.011(a)(2), Article 6243a-1,
21 Revised Statutes, as added by this Act, that is eligible to and
22 intends to participate on the nominations committee shall notify
23 the executive director of:

24 (A) the organization's intent to participate on
25 the nominations committee; and

26 (B) whether the president, chair, or other
27 executive head, as appropriate, or that person's designee will

1 serve on the committee; and

2 (2) the president, chair, or other executive head of
3 an organization described by Section 3.011(a)(3)(B) or (4)(B),
4 Article 6243a-1, Revised Statutes, as added by this Act, that is
5 eligible to and intends to participate in appointing a pensioner to
6 the nominations committee shall:

7 (A) notify the executive director of the
8 organization's intent to participate in appointing a pensioner to
9 the nominations committee; and

10 (B) appoint or jointly appoint, as applicable, a
11 pensioner to serve on the nominations committee in accordance with
12 Sections 3.011(a)(3) and (4), Article 6243a-1, Revised Statutes, as
13 added by this Act.

14 SECTION 54. Section 4.025, Article 6243a-1, Revised
15 Statutes, as added by this Act, applies only to a contribution made
16 on or after the date of the most recently completed actuarial
17 valuation following the effective date of this Act.

18 SECTION 55. Not earlier than June 1, 2019, and not later
19 than August 15, 2019, the board of trustees established under
20 Article 6243a-1, Revised Statutes, shall make and submit to the
21 State Pension Review Board for review an initial determination
22 under Section 4.02(e), Article 6243a-1, Revised Statutes, as
23 amended by this Act, based on the most recently completed actuarial
24 valuation. Each subsequent annual determination under Section
25 4.02(e), Article 6243a-1, Revised Statutes, as amended by this Act,
26 shall be based on the most recently completed actuarial valuation.

27 SECTION 56. The board of trustees of the pension system

1 established under Article 6243a-1, Revised Statutes, shall review
2 all investments held on the effective date of this Act under Section
3 4.071, Article 6243a-1, Revised Statutes, as added by this Act.

4 SECTION 57. Changes in law to Part 5, Article 6243a-1,
5 Revised Statutes, as amended by this Act, apply to membership in a
6 pension system established under Article 6243a-1, Revised
7 Statutes, on or after the effective date of this Act.

8 SECTION 58. A rollover distribution to a plan administered
9 by the pension system established under Article 6243a-1, Revised
10 Statutes, that was made on or after January 1, 2002, is validated as
11 of the date the distribution occurred. A distribution described by
12 this section may not be held invalid because the distribution was
13 not performed in accordance with Section 8.01(j), Article 6243a-1,
14 Revised Statutes, as added by this Act, or other applicable law.

15 SECTION 59. If any provision of this Act or its application
16 to any person or circumstance is held invalid, the invalidity does
17 not affect other provisions or applications of this Act that can be
18 given effect without the invalid provision or application, and to
19 this end the provisions of this Act are declared to be severable.

20 SECTION 60. This Act takes effect September 1, 2017.