

1-1 By: Frank, Capriglione (Senate Sponsor - Perry) H.B. No. 1393
 1-2 (In the Senate - Received from the House April 27, 2023;
 1-3 May 1, 2023, read first time and referred to Committee on Finance;
 1-4 May 10, 2023, reported favorably by the following vote: Yeas 12,
 1-5 Nays 1; May 10, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15			X	
1-16			X	
1-17			X	
1-18	X			
1-19	X			
1-20	X			
1-21		X		
1-22	X			
1-23	X			
1-24	X			

1-25 A BILL TO BE ENTITLED
 1-26 AN ACT

1-27 relating to an optional service retirement annuity that provides an
 1-28 increasing annuity under the Employees Retirement System of Texas.

1-29 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-30 SECTION 1. Subchapter B, Chapter 814, Government Code, is
 1-31 amended by adding Section 814.110 to read as follows:

1-32 Sec. 814.110. INCREASING ANNUITY OPTION. (a) A member who
 1-33 is eligible for a service retirement annuity not reduced because of
 1-34 age may select a standard retirement annuity or an optional service
 1-35 retirement annuity described by Section 814.108 together with the
 1-36 option for an increasing annuity as described by this section.

1-37 (b) The retirement system shall provide the increasing
 1-38 annuity option by reducing the member's annuity for an appropriate
 1-39 implementation period beginning immediately after the member's
 1-40 retirement and annually increasing the amount of the annuity by two
 1-41 percent or by another percentage rate, as determined by the system
 1-42 under Subsection (c), for each year during the applicable
 1-43 implementation period.

1-44 (c) The retirement system may offer other increasing
 1-45 annuity options similar to the option described by Subsection (b),
 1-46 including increasing annuity options providing a different
 1-47 percentage rate of increase or a different implementation period.

1-48 (d) If a member elects to receive an increasing annuity
 1-49 option under this section, the member's annuity must be calculated
 1-50 to reflect the option selected and be actuarially equivalent to a
 1-51 standard or optional service retirement annuity, as applicable,
 1-52 that the member would have been entitled to had the member not
 1-53 elected to receive the option. The annuity must be computed to
 1-54 result in no actuarial loss to the retirement system.

1-55 (e) The increasing annuity option under this section may be
 1-56 elected only once by a member and may not be elected by a retiree. A
 1-57 member retiring under the proportionate retirement program under
 1-58 Chapter 803 is not eligible for the option.

1-59 (f) This section does not apply to:

1-60 (1) a disability retirement annuity; or

1-61 (2) an annuity based on service credited in the

2-1 elected class.

2-2 (g) Before a retiring member selects an increasing annuity
2-3 option under this section, the retirement system must provide a
2-4 written notice to the member of the amount by which the member's
2-5 annuity will be reduced and the implementation period applicable
2-6 because of that selection. The retirement system shall maintain a
2-7 copy of the notice required under this subsection that is signed by
2-8 the member.

2-9 (h) The board of trustees may adopt rules for the
2-10 implementation of this section.

2-11 SECTION 2. Section 814.110, Government Code, as added by
2-12 this Act, applies only to a retirement that occurs on or after
2-13 January 1, 2024.

2-14 SECTION 3. This Act takes effect September 1, 2023.

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