

## **BILL ANALYSIS**

Senate Research Center

S.B. 1188  
By: Armbrister  
State Affairs  
4-15-97  
As Filed

### **DIGEST**

Currently, the interest rate charged for members of certain retirement systems establishing credit for membership not previously established and for members establishing credit for military service not previously established is computed at an annual rate of five percent from the date of withdrawal to the date of deposit. S.B. 1188 would amend the procedures for purchasing creditable service in the Employees Retirement System of Texas and the Teacher Retirement System of Texas.

### **PURPOSE**

As proposed, S.B. 1188 outlines provisions regarding the purchase of service credit in the Employees Retirement System of Texas and the Teacher Retirement System of Texas.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Employees Retirement System of Texas under SECTION 3 (Section 813.107(d), Government Code) and the Teacher Retirement System of Texas under SECTION 7 (Section 825.411(h), Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 813.102(b), Government Code, to authorize a member to reestablish credit by depositing with the Employees Retirement System of Texas (ERS) the amount withdrawn from a membership class, plus all membership fees due, plus interest computed on the basis of the state fiscal year at an annual rate based on actuarial recommendations, rather than of five percent, from the date of withdrawal to the date of redeposit.

SECTION 2. Amends Sections 813.105(a) and (f), to require ERS to permit a member to purchase service credit over a period of up to five years under an agreement under this section except as provided by Subsection (c). Sets forth the authorization of a member who, while making payment under this section, ceases to hold a position or withdraws the authority for payroll deductions. Deletes text authorizing ERS to refund payments credited to the suspense account and not transferred to trust fund accounts if a remaining payment becomes delinquent by more than 60 days.

SECTION 3. Amends Chapter 813B, Government Code, by adding Section 813.107, as follows:

Sec. 813.107. INFORMATION REGARDING ESTABLISHMENT OF SERVICE. Sets forth requirements for ERS. Provides that a member who received a cost estimate under Subsection (b) is entitled to renew the installment plan in the following fiscal year without a lapse in payment or deduction if the member timely notifies ERS of the member's desire to renew the plan. Authorizes ERS to adopt rules to administer this section.

SECTION 4. Amends Section 813.202(c), Government Code, authorize a member to establish credit under this section by depositing with ERS in a lump sum a contribution computed as provided by Section 813.404 or 813.505, plus all membership fees due, plus interest computed on the basis of the state fiscal year at an annual rate based on actuarial recommendations, rather than of 10 percent, from the date the service was performed to the date of deposit.

SECTION 5. Amends Section 813.302(c), Government Code, to make a conforming change.

SECTION 6. Amends Section 813.405(b), Government Code, to make a conforming change.

SECTION 7. Amends Chapter 825E, Government Code, by adding Section 825.411, as follows:

Sec. 825.411. PAYROLL DEDUCTIONS FOR SERVICE CREDIT. Sets forth requirements and outlines provisions regarding payroll deductions for service credit. Authorizes the Teacher Retirement System of Texas to adopt rules to administer this section.

SECTION 8. Effective date: September 1, 1997.

SECTION 9. Emergency clause.