

BILL ANALYSIS

Senate Research Center

C.S.S.B. 192
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Intergovernmental Relations
2-20-97
Committee Report (Substituted)

DIGEST

Currently, the law sets the ages for retirement of firefighters at 48 years of age; terminates benefits for spouses who get married without a chance to resume benefits; and permits investments in commercial paper. This bill provides for firefighters' early retirement within five years of current full retirement, extends the deferred retirement option plan (DROP) to five years, delays COLAs until full retirement age, offers benefits to a surviving spouse of retirees married after retirement, and ignores remarriage for continuation of survivor spousal benefits.

PURPOSE

As proposed, C.S.S.B. 192 streamlines the way firefighters participate, contribute and earn retirement benefits. This bill also deals with the administration of those benefits.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5.05, Article 6243e.1, V.T.C.S., to provide that a firefighter or retiree included in a fund under this Act (member) is eligible to receive reduced retirement, if while serving as a firefighter, the member attained the age of 45 years and had 10 years of service credit or had 20 years of service credit. Provides that the retirement annuity of a person who retires after September 1, 1997 is the same as for a normal service retirement, but cannot be increased under Section 9.04 until the person would have met the requirements of Section 5.01 of this Act if the person had remained in active service as a firefighter. Deletes the calculation for a retirement annuity.

SECTION 2. Amends Section 7.02, Article 6243e.1, V.T.C.S., by deleting the requirement that a surviving spouse who is to receive monthly benefits be married to the retiree at the time of the retiree's retirement. Provides certain criteria for the surviving spouse to collect the retirement benefit of a deceased retiree.

SECTION 3. Amends Section 7.04, Article 6243e.1, V.T.C.S., as follows:

Sec. 7.04. New heading: DURATION OF SPOUSE'S BENEFIT. Provides that if prior to September 1, 1997 the benefit payable to the surviving spouse has terminated, the surviving spouse is entitled to again receive benefits beginning on the date upon which the spouse files an application with the board of trustees, but is not entitled to receive benefits for the period in which the benefit was terminated under the former law. Makes conforming changes.

SECTION 4. Amends Section 8.02, Article 6243e.1, V.T.C.S., to provide that the election to participate in the deferred retirement option plan (election) may also be made at any time on or after early retirement. Requires the firefighter or retiree included in a fund under this Act upon election, in writing, to terminate service with the fire department no later than the fifth, rather than the second, anniversary of the effective date of the election.

SECTION 5. Amends Section 8.06, Article 6243e.1, V.T.C.S., to establish when a firefighter or retiree included in a fund under this Act (member) is authorized to establish a deferred retirement

option plan account. Requires board of trustees to credit a deferred retirement option plan (DROP) account if a member is eligible for service retirement not more than five years before the member's date of retirement. Makes conforming changes.

SECTION 6. Amends Section 9.04, Article 6243e.1, V.T.C.S., as follows:

Sec. 9.04. New heading: COST-OF-LIVING ADJUSTMENT; OTHER ADJUSTMENTS. Provides that Subsection (a) is excepted as provided by the provisions of Section 5.05 of this Act. Authorizes the survivor's benefits to be increased by a majority of the board of trustees. Prohibits an adjustment from being made under this subsection unless the board's actuary has advised the board that unless an adjustment would impair the financial stability of the funds.

SECTION 7. Amends Section 11.01, Article 6243e.1, V.T.C.S., to set forth which funds a board of trustees may invest. Deletes certain investments in which the board may invest. Makes conforming changes.

SECTION 8. Amends Section 11.03, Article 6243e.1, V.T.C.S., to establish the authorized percentages of investments to be made of the total value of the investment portfolio.

SECTION 9. Repealers: Sections 9.03© and 11.02, Article 6243e.1, V.T.C.S. (Firefighters Relief and Retirement Fund in Cities of 450,000 to 500,000).

SECTION 10. Effective date: September 1, 1997.

SECTION 11. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Amends SECTION 1, Section 5.05, Article 6243e.1, V.T.C.S., to make nonsubstantive changes.

Amends SECTION 2, Section 7.02, Article 6243e.1, V.T.C.S., to establish when a surviving spouse is entitled to a retiree's benefits.

Amends SECTION 3, Section 7.04, Article 6243e.1, V.T.C.S., to set forth how a surviving spouse is to resume receiving benefits, and changes the section heading.

Amends SECTION 5, Section 8.06, Article 6243e.1, V.T.C.S., to make a nonsubstantive change.

Amends SECTION 6, Section 9.04, Article 6243e.1, V.T.C.S., to make conforming changes. Previously SECTION 7.

Amends SECTION 7, Section, 11.01, Article 6243e.1, V.T.C.S., to establish which investments are to be invested. Previously SECTION 8.

Amends SECTION 8, Section 11.03, Article 6243e.1, V.T.C.S., previously SECTION 10.

Amends SECTION 9, Sections 9.03(c) and 11.02, Article 6243e.1, V.T.C.S., previously SECTIONS 6 and 9, respectively.

Amends SECTION 10, previously SECTION 11.

Amends SECTION 11, previously SECTION 12.