

## **BILL ANALYSIS**

Senate Research Center  
77R3993 SGA-F

S.B. 593  
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Intergovernmental Relations  
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As Filed

### **DIGEST AND PURPOSE**

Currently, the Austin Police Department is understaffed. As proposed, S.B. 593 amends the Act governing the Austin Police retirement system to make the retirement package offered to police officers more competitive, thereby making the attraction and retention of qualified police officers easier for the city.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to a board of trustees of a police retirement system created by Section 3.01, Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991, in SECTION 3 (Section 6.07, Article 6243n-1, V.T.C.S.) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1.02(19), Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1, V.T.C.S.), to redefine “normal retirement date.”

SECTION 2. Amends Section 6.02, Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1, V.T.C.S.), to provide that any member is eligible for service retirement if the member has completed 23, rather than 25, years of creditable service, excluding any military service established under Section 5.02 of this Act. Deletes text regarding the attainment of age 62. Provides that, except as provided by Subsection (c) of this section, the age and length-of-service requirements for service retirement may be changed if the change meets certain criteria. Provides that any member is eligible for service retirement after attaining the age of 62 years.

SECTION 3. Amends Section 6.07, Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1, V.T.C.S.), to amend Subsections (a), (b), and (d)-(g), and to add Subsections (h) and (i), as follows:

- (a) Deletes language regarding a lump sum and a monthly retirement benefit for a member who elects the retroactive deferred retirement option plan (RETRO DROP). Makes conforming changes.
- (b) Requires the member to select the RETRO DROP benefit computation date, which may not precede the date the member first became eligible for service retirement based on the years of creditable service required under Subsection (a). Deletes text regarding the exclusion of any military service credit established under Section 5.02 of this Act.
- (d) Provides that the RETRO DROP benefit, rather than lump-sum, accumulation period includes each month from the month following the RETRO DROP benefit computation date through the month of retirement. Makes conforming changes.
- (e) Makes conforming changes.

(f) Requires the interest credited to the RETRO DROP benefit during the accumulation period, rather than lump-sum, to be credited on a particular date and in a particular amount. Makes conforming changes.

(g) Provides that a member who elects RETRO DROP receives both a monthly annuity and a RETRO DROP benefit. Requires that unless the member elects to receive partial payments of the RETRO DROP benefit as provided by Subsection (h), the member receive a lump-sum payment equal to the accumulated RETRO DROP benefit, which amount is required to be paid to the member on the date selected by the member. Deletes text regarding the lump sum. Requires the date to be not earlier than the last day of the month immediately following the month of retirement. Deletes language regarding the date.

(h) Authorizes a member to elect to receive partial payments from the member's RETRO DROP account for each calendar year, in an amount elected by the member, instead of a single lump-sum payment. Authorizes the board of trustees of the police retirement system (board) to establish procedures concerning partial payments, including limitations on timing and frequency of those payments. Authorizes a member who elects partial payments, at any time, to elect to receive the member's entire remaining RETRO DROP account balance in a single lump-sum payment, with the payment to be made under rules adopted by the board.

(i) Requires a member's RETRO DROP account, if the member elects partial payments, to be credited with earnings and losses of the system under this subsection for periods after the member's retirement date and before the member's RETRO DROP account is completely distributed. Requires the member's RETRO DROP account to be credited with earnings or losses at an annual rate established under a rule adopted by the board. Authorizes the board to change the annual rate from time to time by amending that rule.

SECTION 4. Amends Section 11.01, Chapter 452, Acts of the 72nd Legislature, Regular Session, 1991 (Article 6243n-1, V.T.C.S.), to delete language regarding limitations on payment of benefits. Requires the police retirement system, if the amount of any benefit payment under this Act would exceed the limitations provided by Section 415, Internal Revenue Code of 1986, as amended, and the regulations adopted under that section, to reduce the amount of the benefit as required to comply with that section.

SECTION 5. Effective date: September 1, 2001.