

BILL ANALYSIS

Senate Research Center
79R4028 HLT-F

H.B. 2918
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State Affairs
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Engrossed

The Texas Municipal Retirement System (TMRS) is a statewide, multi-employer system that provides retirement, disability retirement, and death benefits for most city employees in Texas.

Last session, the House Committee on Pensions and Investments Committee studied the “return to work” rules for the four major statewide retirement systems, including TMRS. The committee recommended that a consistent “return to work” provision be established for TMRS, as provided for in this bill.

Under the TMRS Act (Texas Government Code, Title 8, Subtitle G), the “return to work” issue is determined by whether retirees return to employment with the same city from which they retired. If a TMRS retiree returns to work for the same TMRS city from which he or she retired, in a position that requires TMRS membership, the person’s monthly retirement benefit will be suspended. The person will be required to rejoin TMRS as a member and make member contributions. When the employee later terminates this new period of employment, TMRS will resume payment of the original monthly retirement benefit. The retiree will also receive a monthly retirement benefit based on member contributions, city matching funds, and other credits from the later period of employment.

Under current law, if a TMRS retiree goes to work for a TMRS city that was not his or her employer at the time of retirement, the monthly retirement benefit is not suspended.

H.B. 2918 provides for a consistent treatment of retirees in a “return to work” situation, as recommended by the House Committee on Pensions and Investments Interim Report, 78th Legislature. The bill allows all TMRS retirees, if a city chooses to hire them, to return to work without a suspension of retirement benefits.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Section 852.108, Government Code, to read as follows:

Sec. 852.108. RESUMPTION OF SERVICE; REINSTATEMENT IN SYSTEM.

SECTION 2. Amends Sections 852.108(a) and (b), Government Code, as follows:

(a) Provides that in this section and in Section 852.109, a person's reemploying municipality is the municipality for which the person most recently performed, rather than was performing, creditable service before, rather than at the time of, the person's retirement under this subtitle.

(b) Provides that a person who has retired with a service retirement benefit under this subtitle and who becomes an employee of the person's reemploying municipality within one calendar month after the effective date of the person's retirement is considered to have not retired. Requires the Texas Municipal Retirement System (retirement system) to reinstate the person's membership in the system. Deletes text relating to an employee who later becomes a member of the system on the date of employment, but whose credits and benefits are limited as provided by this section.

SECTION 3. Amends the heading to Section 852.109, Government Code, to read as follows:

Sec. 852.109. RESUMPTION OF SERVICE; BENEFITS NOT AFFECTED.

SECTION 4. Amends Sections 852.109(a) and (e), Government Code, as follows:

(a) Provides that a person again becomes a member of the retirement system, and the person's retirement annuity is not suspended if a person becomes an employee of a municipality after the effective date of the person's retirement and the municipality is not the person's reemploying municipality, or if the person becomes an employee of the person's reemploying municipality after at least one calendar month has passed since the effective date of the person's retirement. Deletes text relating to a person's membership in the system contingent on receiving a retirement benefit.

(e) Deletes existing text prohibiting the first payment from being made if the person has resumed employment that would result in suspension of a benefit.

SECTION 5. Requires the Texas Municipal Retirement System, beginning with the effective date of this Act, to resume payments of each annuity suspended under former Section 852.108(c), Government Code, repealed by this Act, for a retiree employed by a reemploying municipality, as that term is defined by Section 852.108(a), Government Code, as amended by this Act.

SECTION 6. Repealer: Sections 852.108(c)-(i), and 852.109(f), Government Code.

SECTION 7. Effective date: January 1, 2006.