

## **BILL ANALYSIS**

C.S.H.B. 3158  
By: Flynn  
Pensions  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Concerned parties note that mismanagement and investment losses have caused the pension systems for police officers and firefighters in certain municipalities, such as Dallas, to be insufficiently sound from an actuarial standpoint. C.S.H.B. 3158 seeks to address this issue by changing the law regarding retirement systems for and the provisions of other benefits to police and firefighters in certain municipalities.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3158 amends the Revised Statutes to revise and update provisions relating to the pension system for police officers and firefighters in each municipality having a population of more than 1.18 million and located predominantly in a county that has a total area of less than 1,000 square miles, including definitions applicable to the pension system and provisions relating to the purpose of those provisions and actuarial assumptions to be used in administering those provisions. The bill also repeals a provision relating to the purpose of statutory provisions relating to the pension system. The bill specifies that a reference to a statute made in those provisions includes a reference to any regulation, rule, order, or notice made by a governmental entity with the authority under law to adopt the regulation, rule, order, or notice, and on which the governmental entity intends persons to rely, as appropriate. The bill provides for the severability of its provisions.

### **Administration**

C.S.H.B. 3158 revises provisions relating to the administration of the pension system, including provisions relating to professional consultants and the legal advisor of the pension system's board of trustees. The bill increases from seven to 11 the number of trustees who serve on the pension system's board and removes certain provisions relating to the composition and vacancies of the board. The bill sets out provisions relating to the board's fiduciary duty, the composition of the board, procedures for filling vacancies, member terms, the board's rulemaking and administrative authority, meeting requirements, the litigation of matters relating to the pension system, the purchase of insurance policies to provide reimbursement for certain damages and expenses, a nomination committee to appoint trustees to the board, the removal of trustees, and a chief investment officer. The bill requires the board to adopt a code or codes of ethics, sets out

provisions related to such a code or codes, and requires the board to establish the ethics policy not later than January 1, 2018.

C.S.H.B. 3158 requires an appointed or elected trustee to have demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial expertise and prohibits an appointed or elected trustee from being an elected official of the city. The bill prohibits an appointed trustee from being an active member or pensioner of the pension system and expressly does not require a trustee to reside in a particular city or county in Texas. The bill requires the board, not later than January 1, 2018, to conduct an evaluation of how benefits are computed under the pension system to identify potential means of abusing the computation of benefits to inflate pension benefits received by pensioners and the impact of establishing one or more alternative benefit plans for newly hired employees of the city and for members who voluntarily elect to transfer to an alternative benefit plan. The bill requires the board to develop a website designed to give active members and pensioners access to the information concerning the pension system and the individual's participation in the system as well as information concerning the financial health of the system. The bill requires the board to have a meeting at least twice each year to receive public input regarding the pension system and to inform the public about the health and performance of the pension system. The bill repeals a statutory provision relating to the board's alternate trustees who serve on the board during the absence of regular trustees.

C.S.H.B. 3158 requires a person who is appointed to or selected for the board and qualifies for office as a trustee to complete a training program, provides for the information the training program is required to provide to such a person, and requires the creation and distribution of a training manual to each trustee. The bill replaces the authorization for the board to appoint an administrator to carry out the business of the board and to keep a record of the board's proceedings with an authorization to appoint an executive director to assist the board with administering the pension system and to ensure that records are kept of the proceedings of the board, requires the executive director, to the extent possible, to have relevant experience in managing a similarly situated business entity, prohibits the executive director from being a current or former trustee, and revises certain other provisions relating to the appointment of the executive director. The bill requires the board to appoint an executive director not later than January 1, 2018, and authorizes the executive director to hire, subject to confirmation by the board, a chief investment officer and a chief legal officer in accordance with the bill's provisions.

C.S.H.B. 3158 establishes that the terms of the current trustees of the pension system expire on the bill's effective date and requires the mayor, nominations committee, and city manager, as applicable, on that date or as soon as soon as possible after that date to appoint new trustees to the board in accordance with the bill's provisions and also requires the nominations committee to adopt procedures for nominating and electing the initial trustee who is a current or former police officer of the city and the initial trustee who is a current or former fire fighter of the city on the bill's effective date or as soon as soon as possible after that date. The bill prohibits the board from taking any action authorized under statutory provisions relating to the pension system until at least 10 initial trustees have been appointed or elected, unless the action is in the ordinary course of business of the board and is required for the continued administration of the pension system. The bill requires the board, once all trustees have been appointed to the board under these provisions, to by majority vote adopt rules establishing a process for nominating and electing such a police officer trustee and such a fire fighter trustee. The bill requires the city manager and the nominations committee to jointly appoint a new trustee to the board in accordance with the bill not later than the 60th day after the bill's effective date. The bill requires the mayor and the nominations committee to make a determination regarding the term limits of the board as provided by the bill and to determine the terms of initial trustees to ensure the appropriate staggering of trustee terms. The bill requires the board to elect from among its trustees an initial chairman, vice chairman, and deputy vice chairman as soon as possible after all trustees have been appointed or elected in accordance with the bill and, if the board elects to do so, an initial second deputy vice chairman. The bill requires the board, not later than the 90th day after the date all trustees have been appointed or elected as provided by the bill, to vote on, and,

if the board determines it is appropriate, amend the existing rules relating to the governance and conduct of the board.

C.S.H.B. 3158 requires the president, chair, or other executive head of an organization specified by the bill that is eligible to and intends to participate on the nominations committee to notify the executive director of the organization's intent to participate on the nominations committee and whether the president, chair, or other executive head, as appropriate, or that person's designee will serve on the committee. The bill requires the president, chair, or other executive head of an organization specified by the bill that is eligible to and intends to participate in appointing a pensioner to the nominations committee to notify the executive director of the organization's intent to participate in appointing a pensioner to the nominations committee and appoint or jointly appoint, as applicable, a pensioner to serve on the nominations committee in accordance with certain bill provisions. The bill requires these notifications to be made not later than the 30th day after the bill's effective date.

## **Finances**

C.S.H.B. 3158 revises provisions relating to the pension system's finances, including provisions relating to the payment of administrative and professional services, the required contributions to the pension system's fund by the city and the members of the pension system, and a refund of a Group B member's contributions. The bill, in revising those provisions, changes the formula for calculating the city's contribution, increases the percentage of a Group A member's base pay and a Group B member's computation pay that is required to be deducted from the member's wages for contribution to the fund, provides for a formula for calculating the contribution of a member who is assigned to a job-sharing program or any similar work schedule that is considered by the member's department to be less than a full-time work schedule, and authorizes the city under the terms of an appropriate resolution of the city council to pick up member contributions or any payments a member is entitled to make to receive additional pension service. The bill requires annual normal costs, if the pension system has no unfunded actuarial liability according to the most recent actuarial valuation, to be equally divided between the city and the members, unless doing so would increase member contribution rates beyond certain prescribed rates, requires the board to adjust the city and member contribution rates accordingly and to certify the adjusted rates, and applies certain applicable contribution rates after the completion of a subsequent actuarial valuation showing unfunded actuarial liabilities. The bill's provisions relating to city or member contributions if the pension system has no unfunded actuarial liabilities apply only to a contribution made on or after the date of the most recently completed actuarial valuation following the bill's effective date. The bill requires the board, not earlier than June 1, 2019, and not later than August 15, 2019, to make and submit to the State Pension Review Board for review an initial determination regarding the city's required contribution to the fund in accordance with the bill's provisions that is based on the most recently completed actuarial valuation and requires each such subsequent annual determination to be based on the most recently completed actuarial valuation.

C.S.H.B. 3158 revises provisions relating to the investment of surplus funds, including by requiring the board through policy to establish an investment advisory committee composed of trustees and outside investment professionals to review investment related matters as prescribed by the board and make recommendations to the board. The bill requires a majority of the members of the advisory committee to be outside investment professionals. The bill prohibits the executive director, an investment manager, a provider of professional investment management services or professional advisory services, or any other person delegated authority to invest or reinvest pension system assets from investing pension system assets in a single alternative investment unless the board votes to approve the investment by a two-thirds vote of all trustees. The bill authorizes the board to adopt rules necessary to implement that prohibition and requires the board to review certain pension system investments held on the bill's effective date. The bill requires the executive director, on written request by the city, to make available to the city's actuary or auditor the information and documents provided to or used by the pension system's

actuary or auditor in conducting an actuarial valuation under statutory provisions governing the pension system or preparing any other document prepared under those provisions. The bill repeals a statutory provision requiring the city to provide certain office space at a city-owned office facility to the pension system's administrator and the administrator's staff on request of the board at no expense to the pension system and a statutory provision establishing that, for purposes of calculating the city's required contributions to the pension system, a member's contribution rate is considered to be the highest contribution rate of any member of any pension plan within the pension system.

## **Membership**

C.S.H.B. 3158 revises provisions relating to membership in the pension system, including provisions relating to membership in the combined pension plan, the effective date and termination of Group B membership, Group B membership that may be declared inactive, a member's pension service, the vested rights of and purchase of pension service by Group B members, members in uniformed services, and a non-uniformed leave of absence.

## **Benefits**

C.S.H.B. 3158 reorganizes and revises provisions relating to members' retirement benefits under the pension system, including provisions relating to a Group A retirement pension and a Group B retirement pension, eligibility and an application for disability benefits, the calculation of regular and service-connected disability benefits for Group A members and Group B members, a reduction in disability or compensation benefits for certain persons, general rules governing death benefits, Group A death benefits and Group B death benefits, qualified surviving spouse special death benefits, minimum benefits to certain Group A primary parties and their qualified survivors and Group B primary parties and their qualified survivors, adjustments to retirement and disability benefits, supplemental benefits for certain recipients at a specified age, the deferred retirement option plan (DROP), a required medical examination of certain pensioners receiving disability pensions or periodic disability compensation benefits, benefit waivers, board investigations, and a certificate of member pension benefit eligibility. The bill, in revising the provision regarding a certificate of member pension benefit eligibility, replaces the requirement that a member, when the member has earned 20 years of pension service, be issued a certificate that, barring certain error or miscalculation, after issuance is incontestable with a requirement that a member, when the member has earned five years of pension service, be issued an incontestable five-year certificate indicating that the member is entitled to pension benefits subject to the effect of any permitted withdrawals.

C.S.H.B. 3158, in reorganizing and revising certain of those provisions, modifies the methods used for calculating certain retirement benefits and requires the balance in the DROP account of a member who terminated from active service on or before September 1, 2017, or who terminates from active service to be distributed to the member in the form of an annuity by annuitizing the amount credited to the DROP account over the life expectancy of the member as of the date of the annuitization using mortality tables recommended by the pension system's qualified actuary, except as otherwise provided by the bill. The bill requires the annuity to be distributed beginning as promptly as administratively feasible after the later of, as applicable, the date the member retires and is granted a retirement pension or September 1, 2017.

C.S.H.B. 3158 sets out provisions relating to the authority of the board to adopt alternative multipliers for the computation of certain Group B benefits and to reduce the retirement age of a Group B member, disability benefits for certain persons in uniformed services, the prospective reinstatement of certain death benefits, a lump sum payment on the death of certain members, the authority of a member who is leaving active service or a pensioner to elect certain actuarially reduced benefits, a member's, pensioner's, or qualified survivor's designee, and erroneous payments or overpayments. The bill repeals statutory provisions relating to certain rules governing death benefits paid to qualifying surviving children living with a surviving spouse, a

qualified surviving child's eligibility for death benefits, an increase in certain Group A primary parties' monthly Group A disability pension, a Group B member's participation in DROP, and the prohibition against a member electing to begin participation in DROP after a certain date on which the pension system's qualified actuary certifies that DROP participation is resulting in a significant actuarial loss to the fund.

### **Equitable Adjustments**

C.S.H.B. 3158 requires the board to consider and adopt rules requiring the equitable return of funds paid to or credited to the benefit of a member or pensioner under statutory provisions relating to the pension system before September 1, 2017, to the extent the funds exceeded reasonable amounts that should be paid or credited given the circumstances of the pension system at the time the payment or credit was made. The bill specifies certain amounts considered reasonable for purposes of that requirement and sets out provisions relating to the adjudication of certain challenges of the bill's equitable adjustment provisions.

### **Amendment of Pension System**

C.S.H.B. 3158 repeals statutory provisions relating to the authorization for members of the plans within the pension system to amend any such plan in any manner.

### **Treatment Under Federal and State Law**

C.S.H.B. 3158 revises provisions relating to the qualification of the plans within the pension system and the assets of the fund under federal tax law, a separate qualified governmental excess benefit arrangement and associated trust for the arrangement for police officers and fire fighters, and the exemption of benefits from judicial process or alienation. The bill validates a rollover distribution to a plan administered by the pension system established under statutory provisions relating to the pension system that was made on or after January 1, 2002, as of the date the distribution occurred. The bill prohibits such a distribution from being held invalid because the distribution was not performed in accordance with a specified provision of the bill relating to the qualification of the plans within the pension system and assets of the fund under federal tax law or other applicable law as regards the acceptance of an eligible rollover distribution from another eligible retirement plan as payment of all or a portion of any payment a member is permitted to make to the pension system for past pension service credit.

### **Repealed Provisions**

C.S.H.B. 3158 repeals the following provisions of Article 6243a-1, Revised Statutes:

- Section 1.01(b)
- Section 3.01(c)
- Section 4.01(b)
- Section 4.02(f)
- Sections 6.06(i) and (s)
- Section 6.10B(h)
- Sections 6.14(i) and (k)
- Part 7

### **EFFECTIVE DATE**

September 1, 2017.

## COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3158 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

### INTRODUCED

SECTION 1. Section 1.01, Article 6243a-1, Revised Statutes, is amended.

SECTION 2. Section 2.01, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 2.01. DEFINITIONS. In this article:

(1) "415 compensation" means a member's wages, salary, and other amounts received for personal services rendered in the course of employment with the city during a limitation year and permitted to be treated as compensation for purposes of Section 415(c) of the code, including differential wage payments described in Section 414(u)(12) of the code. The term does not include amounts picked up under Section 4.03(i) of this article.

(2) "Active service" means any period that a member receives compensation as a police officer or fire fighter from either department for services rendered.

(3) ~~[(2)]~~ "Actuarial equivalent" means a form of benefit differing in time, duration, or manner of payment from a standard benefit payable under this article but having the same value when computed using the assumptions set forth in this article.

~~[(3)]—"Administrator" means the person designated by the board to supervise the affairs of the pension system.]~~

(4) "Alternate payee" has the meaning given the term by Section 414(p) ~~[414]~~ of the code or any successor provision.

(5) "Alternative investment" means an investment in an asset other than a traditional asset. The term includes an investment in private equity funds, private real estate transactions, hedge funds, and infrastructure.

(6) ~~[(5)]~~ "Annual additions" means the sum of the following amounts credited to a

### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

SECTION 2. Section 2.01, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 2.01. DEFINITIONS. In this article:

(1) Same as introduced version.

(2) Same as introduced version.

(3) ~~[(2)]~~ Same as introduced version.

~~[(3)]~~ Same as introduced version.

(4) Same as introduced version.

(5) Same as introduced version.

(6) ~~[(5)]~~ Same as introduced version.

member's account under any defined contribution plan maintained by the city for the limitation year:

- (A) city contributions;
- (B) member contributions, other than rollover contributions from a plan maintained by any employer other than the city;
- (C) forfeitures; and
- (D) amounts allocated after March 31, 1984, to an individual medical benefit account, as defined in Section 415(1)(2) [415(1)(2)] of the code, that is part of a pension or annuity plan maintained by the city.

~~[The term does not include amounts described in Paragraph (D) of this subdivision for the purpose of computing the percentage limitation described in Section 415(e)(1)(B) of the code.]~~ For any limitation year beginning before January 1, 1987, only that portion of member contributions equal to the lesser of member contributions in excess of six percent of 415 compensation or one-half of member contributions to the combined pension plan or any qualified defined contribution plan maintained by the city is treated as annual additions.

(7) [~~(6)~~] "Annual benefit" means the aggregate benefit attributable to city and member contributions payable annually under the combined pension plan, or any plan maintained by the city, exclusive of any benefit not required to be considered for purposes of applying the limitations of Section 415 of the code to the combined pension plan, payable in the form of a straight life annuity beginning at age 62 with no ancillary benefits. Solely for purposes of computing the limitations under the combined pension plan, benefits actually payable to a pensioner are adjusted to the actuarial equivalent of a straight life annuity pursuant to Section 415(b) [~~8.04~~] of the code [~~this article~~] even though no member may actually receive a benefit in the form of a straight life annuity.

(7) [~~(6)~~] Same as introduced version.

(8) [~~(7)~~] "Article 6243a" means Chapter 4, Acts of the 43rd Legislature, 1st Called Session, 1933 (former Article 6243a, Vernon's Texas Civil Statutes), pertaining to a pension system for police officers, fire fighters, and fire alarm operators in certain cities.

(8) [~~(7)~~] Same as introduced version.

(9) [(8)] "Assignment pay" means monthly pay, in addition to salary, granted to a Group B member and authorized by the city council for the performance of certain enumerated duty assignments.

(9) [(8)] Same as introduced version.

(10) [(9)] "Base pay" means the maximum monthly civil service pay from time to time established by the city for a person who holds the rank of "police officer" in the city's police department or the rank of "fire and rescue officer" in the city's fire department [a police officer or fire fighter], exclusive of any other form of compensation. The term does not include compensation paid by the city to a person for prior periods of service or compensation that otherwise constitutes back pay unless the compensation is eligible back pay. The board may adopt rules and procedures necessary to include eligible back pay as base pay for purposes of this definition, including rules regarding how increases in benefits will be determined and administered.

(10) [(9)] Same as introduced version.

(11) [(10)] "Base pension" means the amount of retirement, death, or disability benefits as determined [computed under this article] at the earliest of the time a Group B member and, solely for the purposes of Section 6.12 of this article, a Group A member:

(11) [(10)] Same as introduced version.

(A) begins participation in DROP;  
(B) leaves or left active service;  
(C) [~~leaves active service,~~] dies; [;] or  
(D) becomes entitled to a disability pension under the combined pension plan [disabled]. Solely for purposes of this definition, when a member becomes entitled to a disability pension, the base pension shall be determined as of the date on which the disability pension begins.

(12) [(11)] "Board" means the board of trustees created under Section 3.01 of this article for the purpose of administering the pension system.

(12) [(11)] Same as introduced version.

(13) [(12)] "Child" means a [an unmarried] person [under the age of 19] whose [natural or adoptive] parent, as recognized under the laws of this state, is a primary party.

(13) [(12)] Same as introduced version.

(14) [(13)] "City" means each municipality having a population of more than 1.18 million and located predominantly in a county that has a total area of less than 1,000 square miles.

(14) [(13)] Same as introduced version.

(15) "City attorney" means the chief legal

(15) Same as introduced version.

officer of a city.

(16) [(14)] "City council" means the governing body of the city.

(17) "City manager" means the city manager of a city or the city manager's designee and includes, to the extent of any designation, an interim or acting city manager, chief financial officer, budget director, or assistant city manager. If a city does not have an individual serving in a position otherwise described by this subdivision, "city manager" means the mayor of that city.

(18) [(15)] "City service incentive pay" means annual incentive pay, adjusted by the city from time to time, in addition to the salary of a member granted to the member under the authority of the city charter and received by the member during active service.

(19) [(16)] "Code" means the United States Internal Revenue Code of 1986, as amended.

(20) [(17)] "Combined pension plan" means any pension plan created pursuant to this article.

(21) [(18)] "Computation pay" shall be used in determining the amount of the city's contribution under Section 4.02(d) of this article and a Group B member's contribution under Section 4.03(d) of this article and in determining the base pension [of any benefits] to be paid to a Group B member or the benefits to be paid to the member's qualified survivors and means the sum of the following:

(A) the biweekly [monthly] rate of pay of a [Group B] member for the highest civil service rank the person holds, from time to time, as a result of a competitive examination; plus

(B) the [monthly rate of pay of a Group B member as] educational incentive pay of a member, computed on a biweekly basis; plus

(C) the longevity [monthly rate of] pay of a [Group B] member [as longevity pay], as authorized by the legislature, computed on a biweekly basis; plus

(D) the city service incentive pay, computed on a biweekly [monthly] basis, of a [Group B] member.

The term includes only amounts actually paid in salary or payments made instead of salary to the member and member

(16) [(14)] Same as introduced version.

(17) Same as introduced version.

(18) [(15)] Same as introduced version.

(19) [(16)] Same as introduced version.

(20) [(17)] "Combined pension plan" means any pension plan created pursuant to this article before September 1, 2017.

(21) [(18)] "Computation pay" shall be used in determining the amount of the city's contribution under Section 4.02(d) of this article and a Group B member's contribution under Section 4.03(d) of this article and in determining the base pension [of any benefits] to be paid to a Group B member or the benefits to be paid to the member's qualified survivors and means the sum of the following:

(A) the biweekly [monthly] rate of pay of a [Group B] member for the highest civil service rank the person holds, from time to time, as a result of a competitive examination; plus

(B) the [monthly rate of pay of a Group B member as] educational incentive pay of a member, computed on a biweekly basis; plus

(C) the longevity [monthly rate of] pay of a [Group B] member [as longevity pay], as authorized by the legislature, computed on a biweekly basis; plus

(D) the city service incentive pay, computed on a biweekly [monthly] basis, of a [Group B] member.

The term includes only amounts actually paid in salary or payments made instead of salary to the member and member

contributions picked up by the city, and does not include any imputed pay. Furthermore, any [Any] compensation received by a [Group B] member, other than that noted in Paragraphs (A)-(D) of this subdivision (for example, compensation for overtime work and the [monthly rate of] pay a member would receive from the city in the form of assignment pay), will not be considered in determining the computation pay of a [Group B] member. Any lump-sum payments for compensatory time, unused sick leave, unused vacation time, or city service incentive pay payable after a [Group B] member leaves active service, dies [death], becomes disabled [disability], or resigns [resignation], or after any other type of termination may not be considered in determining the computation pay of any [Group B] member. Computation pay for a [Group B] member for any given period [month] is determined on the biweekly [monthly] rates of pay due the [Group B] member for the entire period [month]. Compensation paid by the city that relates to prior periods of service or compensation that otherwise constitutes back pay may only be included as computation pay if the compensation is eligible back pay. The board may adopt rules and procedures necessary to include eligible back pay as computation pay for purposes of this definition, including rules regarding how increases in benefits will be determined and administered. [If a Group B member works less than the member's assigned schedule for any given month, the computation pay for the Group B member shall be prorated for the portion of the month that the Group B member worked.

~~[(19) "Educational incentive pay" means incentive pay designed to reward completion of certain hours of college credit, adjusted by the city from time to time, that is paid to a member in addition to the member's salary.]~~

(22) [(20)] "Department" means either the police department of the city, the fire department of the city, or both the police and fire departments of the city together.

(23) [(21)] "Dependent parent" means a natural parent or parent who adopted a primary party and who immediately before the death of a primary party received over

contributions picked up by the city, and does not include any imputed pay. Furthermore, any [Any] compensation received by a [Group B] member, other than that noted in Paragraphs (A)-(D) of this subdivision (for example, compensation for overtime work, certification pay, and the [monthly rate of] pay a member would receive from the city in the form of assignment pay), will not be considered in determining the computation pay of a [Group B] member. Any lump-sum payments for compensatory time, unused sick leave, unused vacation time, or city service incentive pay payable after a [Group B] member leaves active service, dies [death], becomes disabled [disability], or resigns [resignation], or after any other type of termination may not be considered in determining the computation pay of any [Group B] member. Computation pay for a [Group B] member for any given period [month] is determined on the biweekly [monthly] rates of pay due the [Group B] member for the entire period [month]. The term does not include compensation paid by the city to a person for prior periods of service or compensation that otherwise constitutes back pay unless the compensation is eligible back pay. The board may adopt rules and procedures necessary to include eligible back pay as computation pay for purposes of this definition, including rules regarding how increases in benefits will be determined and administered. [If a Group B member works less than the member's assigned schedule for any given month, the computation pay for the Group B member shall be prorated for the portion of the month that the Group B member worked.

[(19)] Same as introduced version.

(22) [(20)] Same as introduced version.

(23) [(21)] Same as introduced version.

half of the parent's financial support from the primary party.

(24) [(22)] "Disability retirement" means any period that a pensioner receives periodic disability compensation or a disability pension.

(25) "DROP" means the deferred retirement option plan established in accordance with Section 6.14 of this article.

(26) "Educational incentive pay" means incentive pay designed to reward completion of certain hours of college credit, adjusted by the city from time to time, that is paid to a member in addition to the member's salary.

(27) "Eligible back pay" means additional compensation paid by the city to a member or pensioner:

(A) that constitutes back pay to the member's or pensioner's prior period of service and is otherwise considered taxable wages paid by the city to the member or pensioner for federal income tax purposes; and

(B) for which the pension system receives:

(i) an amount equal to the aggregate member and city contributions that the pension system would have collected with respect to the compensation for all time periods relating to the back pay compensation; and

(ii) interest, calculated using the pension system's actuarial rate of return assumptions in effect for the periods relating to the back pay, compounded annually, on the contribution amounts for the period from the date that the contributions would have been received if the back pay compensation would have been paid during the relevant periods of prior service through the date the amount relating to the contributions for back pay is actually received by the pension system.

The pension system is not obligated to collect the additional contributions or interest described in Paragraph (B)(ii) of this subdivision from the member, pensioner, or city. The pension system may not recognize back pay as eligible back pay until the contributions and interest described

(24) [(22)] Same as introduced version.

(25) Same as introduced version.

(26) Same as introduced version.

(27) "Eligible back pay," **except as otherwise provided by this definition,** means additional compensation paid by the city to a member or pensioner:

(A) that constitutes back pay to the member's or pensioner's prior period of service and is otherwise considered taxable wages paid by the city to the member or pensioner for federal income tax purposes; and

(B) for which the pension system receives:

(i) an amount equal to the aggregate member and city contributions that the pension system would have collected with respect to the compensation for all time periods relating to the back pay compensation; and

(ii) interest, calculated using the pension system's actuarial rate of return assumptions in effect for the periods relating to the back pay, compounded annually, on the contribution amounts for the period from the date that the contributions would have been received if the back pay compensation had been paid during the relevant periods of prior service through the date the amount relating to the contributions for back pay is actually received by the pension system.

The term does not include any additional compensation paid by the city to a member or pensioner wholly or partly or directly or indirectly as the result of litigation instituted to recover back pay.

The pension system is not obligated to collect the additional contributions or interest described in Paragraph (B) of this subdivision from the member, pensioner, or city. The pension system may not recognize back pay as eligible back pay until the contributions and interest described in

in Paragraph (B) of this subdivision have been received.

(28) "Executive director" means the person designated by the board to supervise the operation of the pension system.

(29) [(23) "415 compensation" means a member's wages, salary, and other amounts received for personal services rendered in the course of employment with the city during a limitation year, but does not include:

[(A) contributions made by the city to a plan of deferred compensation, or a simplified employee pension plan, to the extent such contributions are excludable from the member's gross income;

[(B) any distributions from a plan of deferred compensation, or a simplified employee pension plan, to the extent the distributions are excludable from the member's gross income;

[(C) other amounts that received special tax benefits, such as premiums for group term life insurance, to the extent that the premiums are not includable in the gross income of the member, or contributions made by the city, including contributions toward the purchase of an annuity described by Section 403(b) of the code, whether or not contributed pursuant to a salary reduction agreement and whether or not the amounts are actually excludable from the gross income of the member; and

[(D) for any limitation year beginning after December 31, 1988, compensation in excess of \$200,000, adjusted in a manner permitted under Section 415(d) of the code.

[(24) "Fund" means all funds and property held to provide benefits to [for the benefit of] all persons who are or who may become entitled to any benefits under any plan within the pension system, together with all income, profits, or other increments.

(30) [(25) "Group A member" means any police officer or fire fighter described by Section 5.01(a)(1) of this article.

(31) [(26) "Group B member" means any police officer or fire fighter described by Section 5.01(a)(2) of this article.

(32) [(27) "Health director" means any qualified physician designated from time to time by the board.

Paragraph (B) of this subdivision have been received.

(28) Same as introduced version.

(29) [(23)] Same as introduced version.

[(24)] Same as introduced version.

(30) [(25)] "Group A member" means any police officer or fire fighter included in Group A membership under [described by] Section 5.01(a)(1) of this article.

(31) [(26)] "Group B member" means any police officer or fire fighter included in Group B membership under [described by] Section 5.01(a)(2) of this article.

(32) [(27)] Same as introduced version.

(33) [(28)] "Limitation year" means the plan year of the combined pension plan and any defined benefit plan or defined contribution plan of the city in which a member participates.

(34) [(29)] "Longevity pay" means pay in addition to the salary of a member granted under Section 141.032, Local Government Code, for each year of active service completed by a member in either department.

(35) [(30)] "Member" means both Group A and Group B members.

(36) [(31)] "Member's account" means an account established and maintained for a member with respect to the member's total interest in one or more defined contribution plans under this article or maintained by the city resulting in annual additions.

No equivalent provision.

(37) [(32)] "Old plan" means any pension plan created pursuant to Section 1 of Article 6243a.

(38) [(33)] "Pensioner," "Group A pensioner," or "Group B pensioner" means a former member of the pension system who is on either a service or disability retirement.

(39) [(34)] "Pension service" means the time, in years, and prorated for fractional years, that a member has contributed to the fund under the terms of the combined pension plan or any plan within the pension system, reduced to reflect refunds that have been received and not fully repaid.

(40) [(35)] "Pension system" means the fund and any plans created pursuant to this article or Article 6243a and that are intended to be qualified under Section 401(a) of the code.

(41) [(36)] "Plan A" means any plan created pursuant to Section 11A of Article 6243a.

(42) [(37)] "Plan B" means any plan created pursuant to Section 11B of Article 6243a.

(43) [(38)] "Police officer" or "fire fighter" means, as appropriate, a police officer, fire fighter, fire and rescue officer, fire alarm operator, fire inspector, apprentice police officer, apprentice fire fighter, or similar employee of either department as defined in the classifications of the human resources [personnel] department of the city.

(33) [(28)] Same as introduced version.

(34) [(29)] Same as introduced version.

(35) [(30)] Same as introduced version.

(36) [(31)] Same as introduced version.

(37) "Nominations committee" means the nominations committee established under Section 3.011 of this article.

(38) [(32)] Same as introduced version.

(39) [(33)] Same as introduced version.

(40) [(34)] Same as introduced version.

(41) [(35)] Same as introduced version.

(42) [(36)] Same as introduced version.

(43) [(37)] Same as introduced version.

(44) [(38)] Same as introduced version.

(44) [(39)] "Primary party," "Group B primary party," or "Group A primary party" means a member[, ~~former member,~~] or pensioner.

(45) [(40)] "Qualified actuary" means either:

(A) an individual who is a Fellow of the Society of Actuaries, a Fellow of the Conference of Actuaries in

Public Practice, or a member of the American Academy of Actuaries; or

(B) a firm that employs one or more persons who are Fellows of the Society of Actuaries, Fellows of the Conference of Consulting Actuaries [~~in Public Practice~~], or members of the American Academy of Actuaries and are providing services to the pension system.

(46) [(41)] "Qualified domestic relations order" has the meaning provided by Section 414(p) [414] of the code.

(47) [(42)] "Qualified survivor" means a person who is eligible to receive death [~~survivor~~] benefits after the death of a primary party and includes only:

(A) a surviving spouse, if the spouse was continuously married to the primary party from [~~both at~~] the date when the primary party either voluntarily or involuntarily left active service as a member through [~~and at~~] the date of the primary party's death;

(B) all surviving, unmarried[, ~~legitimate,~~ and ~~legally adopted~~] children who are either under 19 years of age or have a disability, as determined by the board under Section 6.06(o-2) of this article, and who were:

(i) born or adopted before the primary party [~~as a member~~] either voluntarily or involuntarily left active service; or

(ii) [~~who were~~] born after the primary party [~~a member~~] left active service if the mother was pregnant with the child before the primary party [~~member~~] left active service; and

(C) a surviving dependent parent of a primary party if the primary party is not survived by a spouse or child eligible for benefits.

(48) [(43)] "Service retirement" means any period that a pensioner receives a retirement pension but does not include any period of disability retirement.

(49) [(44)] "Spouse" means the person to whom [~~husband or wife of~~] a primary party

(45) [(39)] Same as introduced version.

(46) [(40)] "Qualified actuary" means either:

(A) an individual who is a Fellow of the Society of Actuaries, a Fellow of the Conference of Consulting Actuaries [~~in Public Practice~~], or a member of the American Academy of Actuaries; or

(B) a firm that employs one or more persons who are Fellows of the Society of Actuaries, Fellows of the Conference of Consulting Actuaries [~~in Public Practice~~], or members of the American Academy of Actuaries and are providing services to the pension system.

(47) [(41)] Same as introduced version.

(48) [(42)] Same as introduced version.

(49) [(43)] Same as introduced version.

(50) [(44)] Same as introduced version.

is legally married [~~recognized~~] under the laws of this state or any other state.

(50) "Traditional asset" includes stocks, bonds, and cash

~~[(45) "Total wages and salaries" means all pay received by a member of any plan within the pension system from the city, excluding any lump sum payments for unused sick time or unused vacation time accrued by any member and payable as the result of the member's death, disability, resignation, or any other reason for leaving active service].~~

(51) ~~[(46)]~~ "Trustee" means a member of the board.

SECTION 3. Sections 2.02(a) and (b), Article 6243a-1, Revised Statutes, are amended.

SECTION 4. Part 2, Article 6243a-1, Revised Statutes, is amended.

SECTION 5. Section 3.01, Article 6243a-1, Revised Statutes, is amended by amending Subsections (b), (d), (e), (f), (h), (i), (j), (n), and (o) and adding Subsections (b-1), (b-2), (j-1), (j-2), (j-3), (j-4), (j-5), (j-6), (j-7), (p), (q), (r), and (s) to read as follows:

No equivalent provision.

(b) Subject to Subsections (b-1) and (b-2), the [The] board consists of 12 [seven] trustees who shall be selected and shall serve as follows:

- (1) three trustees appointed by the mayor;
- (2) two trustees appointed by the [The] city council;
- (3) two trustees appointed jointly by the executive director and city manager;
- (4) the chief financial officer of the city;
- (5) one trustee selected in a manner determined by rule by the board to represent the interests of the police officers who is:

(51) Same as introduced version.

~~[(45)]~~ Same as introduced version.

(52) ~~[(46)]~~ Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

SECTION 5. Section 3.01, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), (d), (e), (f), (h), (i), (j), (n), and (o) and adding Subsections (b-1), (b-2), (b-3), (b-4), (d-1), (j-1), (j-2), (j-3), (j-4), (j-5), (j-6), (j-7), (j-8), (j-9), (p), (q), (r), and (s) to read as follows:

(a) The pension system shall be administered by the board. The board shall execute its fiduciary duty to hold and administer the assets of the fund for the exclusive benefit of members and their beneficiaries under Section 802.203, Government Code, Section 67(f), Article XVI, Texas Constitution, and any other applicable law, in a manner that ensures the sustainability of the pension system for purposes of providing current and future benefits to members and their beneficiaries.

(b) Subject to Subsections (b-1) and (b-2), the [The] board consists of 11 [seven] trustees who shall be selected and shall serve as follows:

- (1) five trustees appointed by the mayor;
- (2) three trustees appointed by the nominations committee;
- (3) one trustee appointed jointly by the city manager and the nominations committee;

(4) subject to Subsection (b-3) of this section, one trustee who is a current or former police officer of the city nominated

(A) a pensioner who is a former police officer; or

(B) an active member who is a police officer;

(6) one trustee selected in a manner determined by rule by the board to represent the interests of the fire department who is:

(A) a pensioner who is a former fire fighter;

or

(B) an active member who is a fire fighter;

and

(7) two trustees appointed by the board.

(b-1) To be appointed a trustee under Subsection (b)(1), (2), (3), or (7) of this section, a person:

(1) must have demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial expertise; and

*(See Subsection (b-2) below.)*

(2) may not be an active member or pensioner.

(b-2) An elected official of the city may not be appointed or selected as a trustee of the board under Subsection (b) of this section

No equivalent provision.

No equivalent provision.

~~[shall name from among its members three council members who shall serve as trustees of the board]. [The council member trustees shall be named as soon as possible after the first Monday in May of each odd-numbered year and shall serve for the term of office to which they were elected as council members. If there is a vacancy in any of the~~

and elected by members of the pension system under rules adopted by the board; and

(5) subject to Subsection (b-3) of this section, one trustee who is a current or former fire fighter of the city nominated and elected by members of the pension system under rules adopted by the board.

(b-1) To be appointed or elected a trustee under this section, a person:

(1) must have demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial expertise; and

(2) may not be an elected official of the city.

(b-2) To be appointed a trustee under Subsection (b)(1), (2), or (3) of this section a person may not be an active member or pensioner.

*(See Subsection (b-1)(2) above.)*

(b-3) If the board determines that it is not possible to nominate or elect a trustee under Subsection (b)(4) or (5) of this section who meets the requirements of Subsection (b-1) of this section, the board shall notify the nominations committee and the nominations committee shall appoint a trustee who meets the requirements of Subsection (b-1) of this section to represent the interests of police officers or fire fighters, as appropriate, of the city on the board. An appointment under this subsection may be made without regard to whether the trustee is qualified under Subsection (b)(4) or (5), as applicable, of this section.

(b-4) A trustee is not required to reside in a particular city or county of this state.

~~[The city council shall name from among its members three council members who shall serve as trustees of the board. The council member trustees shall be named as soon as possible after the first Monday in May of each odd-numbered year and shall serve for the term of office to which they were elected as council members. If there is a vacancy in~~

~~council member trustees' seats on the board, the city council shall name another council member to serve out the remainder of the unexpired term.~~

~~[(2) The police and fire department members of the pension plans within the pension system shall separately, by department and not by plan, elect from among their respective memberships two active police officer and two active fire fighter members. On their election, each of the trustees under this subdivision shall execute a written affirmation of the person's undertaking to faithfully perform duties to the pension system. The police and fire department trustees shall serve terms of four years each, the terms being staggered so that one term, but not both from the same department, shall expire on June 1 of each odd-numbered year. If a vacancy occurs among the police and fire department trustees, the vacancy shall be filled in accordance with the provisions of Subsection (d) of this section. The police and fire department trustees will continue to serve beyond the expiration of their terms, if their successors have not been elected and affirmed in writing their undertaking to faithfully perform their duties to the pension system, until their successors are elected and have affirmed in writing their undertaking to faithfully perform their duties to the pension system.]~~

~~(d) Except as provided by Subsection (e) of this section, [H] a vacancy on the board shall be filled in the same manner as the original appointment or designation, as applicable~~

*(See Subsection (e) below.)*

~~[occurs among the police or fire department alternate trustees, for reasons other than the failure to elect a successor alternate trustee or the occurrence of a vacancy among the regular trustees of either department, the board shall appoint a new alternate trustee representing the department from which the vacancy occurs to serve as the alternate trustee for the remainder of the alternate trustee's term]. [A candidate is not eligible for election to an alternate trustee position and to a regular trustee position during the~~

~~any of the council member trustees' seats on the board, the city council shall name another council member to serve out the remainder of the unexpired term.~~

~~[(2) The police and fire department members of the pension plans within the pension system shall separately, by department and not by plan, elect from among their respective memberships two active police officer and two active fire fighter members. On their election, each of the trustees under this subdivision shall execute a written affirmation of the person's undertaking to faithfully perform duties to the pension system. The police and fire department trustees shall serve terms of four years each, the terms being staggered so that one term, but not both from the same department, shall expire on June 1 of each odd-numbered year. If a vacancy occurs among the police and fire department trustees, the vacancy shall be filled in accordance with the provisions of Subsection (d) of this section. The police and fire department trustees will continue to serve beyond the expiration of their terms, if their successors have not been elected and affirmed in writing their undertaking to faithfully perform their duties to the pension system, until their successors are elected and have affirmed in writing their undertaking to faithfully perform their duties to the pension system.]~~

~~(d) A [If a] vacancy on the board in a trustee position under Subsection (b)(1), (2), or (3) of this section shall be filled in the same manner as the original appointment.~~

~~The board by rule shall determine the manner by which a vacancy in a trustee position under Subsection (b)(4) or (5) of this section is filled~~

~~[occurs among the police or fire department alternate trustees, for reasons other than the failure to elect a successor alternate trustee or the occurrence of a vacancy among the regular trustees of either department, the board shall appoint a new alternate trustee representing the department from which the vacancy occurs to serve as the alternate trustee for the remainder of the alternate trustee's term]. [A candidate is not eligible for election to an alternate trustee position and to a regular trustee position during the~~

~~same election.]~~

(e) The board by rule may determine the manner by which a vacancy in a trustee position under Subsection (b)(5) or (6) of this section is filled

No equivalent provision.

No equivalent provision. *(But see Subsection (f) below.)*

~~[If a vacancy occurs among the police or fire department regular trustees, the alternate trustee representing the department from which the vacancy occurs shall serve as the regular trustee for the remainder of the unexpired regular trustee's term].~~

~~[Thereafter, the board shall appoint a new alternate trustee from the same department to serve for a period ending on the earlier of the expiration of the regular trustee's term or the original alternate trustee's term. If the original alternate trustee's term has not expired after serving in place of the regular trustee, then that person shall serve out the remainder of the unexpired term. After a new regular trustee has been elected, the original alternate trustee shall return to serve as an alternate trustee until the regular trustee's term has expired. However, if the original alternate trustee, while an alternate trustee, is elected to a full term as a regular trustee before the expiration of the term as an alternate trustee, the term of the new alternate trustee extends until the expiration of the original alternate trustee's term.]~~

(f) Trustees hold office for staggered two-year terms. Persons authorized to appoint more than one trustee under this section may reappoint one trustee to the same position  
~~[The election of the trustees representing the police and fire departments~~

~~same election.]~~

*(See Subsection (d) above.)*

(d-1) The city manager and the nominations committee shall jointly appoint a trustee to fill a vacancy under Subsection (b)(3) of this section not later than the 60th day after the date of the vacancy.

(e) The mayor shall determine whether all trustees appointed under Subsection (b)(1) of this section hold office for staggered two-year terms or staggered three-year terms. The nominations committee shall determine whether all trustees appointed or elected under Subsection (b)(2), (3), (4), or (5) of this section hold office for staggered two-year terms or staggered three-year terms. An appointed trustee may not serve for more than six consecutive years on the board

~~[If a vacancy occurs among the police or fire department regular trustees, the alternate trustee representing the department from which the vacancy occurs shall serve as the regular trustee for the remainder of the unexpired regular trustee's term].~~

~~[Thereafter, the board shall appoint a new alternate trustee from the same department to serve for a period ending on the earlier of the expiration of the regular trustee's term or the original alternate trustee's term. If the original alternate trustee's term has not expired after serving in place of the regular trustee, then that person shall serve out the remainder of the unexpired term. After a new regular trustee has been elected, the original alternate trustee shall return to serve as an alternate trustee until the regular trustee's term has expired. However, if the original alternate trustee, while an alternate trustee, is elected to a full term as a regular trustee before the expiration of the term as an alternate trustee, the term of the new alternate trustee extends until the expiration of the original alternate trustee's term.]~~

No equivalent provision. *(But see Subsection (e) above.)*

(f) The nomination and election of the trustees under Subsection (b)(4) or (5) of

shall be held under the supervision of the board, and the board shall adopt such rules and regulations governing the election procedure as it considers appropriate, as long as the rules and regulations are consistent with generally accepted principles of secret ballot and majority rule]. [The rules and regulations adopted by the board shall be recorded in the minutes of the board and made available to the members of any pension plan within the pension system.]

(h) The executive director [administrator], or in the executive director's [administrator's] absence a member of the administrative staff designated by the board, shall serve as the secretary of the board.

(i) The board shall serve without separate compensation from the fund, but, if applicable, with entitlement to any appropriate compensation from the city as if the board members were performing their regular functions for the police or fire department or for the city. The board shall meet not less than once each month and may meet at any time on the call of its chairman.

(j) The board has full power to make rules [and regulations] pertaining to the conduct of its meetings and to the operation of the pension system as long as its rules are not, subject to Subsections (j-1) and (j-2) of this section, inconsistent with the terms of this article, any pension plan within the pension system, or the laws of this state or the United States to the extent applicable.

(j-1) The board may adopt a rule that conflicts with this article:

(1) to ensure compliance with the code, including Section 415 of the code, and other applicable federal law; or

(2) subject to Subsection (j-5) of this section, to achieve an amortization period of the pension system that does not exceed 35 years.

this section [representing the police and fire departments] shall be held under the supervision of the board, and the board shall adopt such rules [and regulations] governing the election procedure as it considers appropriate, as long as the rules [and regulations] are consistent with generally accepted principles of secret ballot and majority rule. The rules [and regulations] adopted by the board shall be recorded in the minutes of the board and made available to the members of any pension plan within the pension system.

(h) Same as introduced version.

(i) The board shall serve without separate compensation from the fund, but a trustee is entitled to reimbursement for travel expenses and, if applicable, [with entitlement] to any appropriate compensation from the city as if the trustee [board members] were performing the trustee's [their] regular functions for the police or fire department or for the city. The board shall meet not less than once each month and may meet at any time on the call of its chairman.

(j) The board has full power to make rules [and regulations] pertaining to the conduct of its meetings and to the operation of the pension system as long as its rules are not, subject to Subsections (j-1) and (j-2) of this section, inconsistent with the terms of this article, any pension plan within the pension system, or the laws of this state or the United States to the extent applicable. A board meeting may be held by telephone conference call or by videoconference call in accordance with Sections 551.125 and 551.127, Government Code, except that Section 551.125(b), Government Code, does not apply.

(j-1) The board may adopt a rule that conflicts with this article:

(1) to ensure compliance with the code, including Section 415 of the code, and other applicable federal law;

(2) subject to Subsections (j-5) through (j-8) of this section, to amortize the unfunded actuarial accrued liability of the pension system within a period that does not exceed

(j-2) The board may only adopt or change a rule relating to board governance and conduct by a two-thirds vote of all members.

(j-3) The board may correct any defect, supply any omission, and reconcile any inconsistency that may appear in this article in a manner and to the extent that the board believes would:

(1) be expedient for the administration of the pension system;

(2) be for the greatest benefit of all members, pensioners, and qualified survivors; and

(3) not adversely affect the benefits of a member, pensioner, or qualified survivor.

(j-4) The board has full discretion and authority to construe and interpret the combined pension plan and to do all acts necessary to carry out the purpose of the combined pension plan. A decision of the board is final and binding on all affected parties.

No equivalent provision.

35 years, if the board determines the rule is appropriate based on the evaluations required under Subsection (j-5) of this section; or

(3) subject to Subsections (j-6) and (j-7) of this section and notwithstanding any other law, to increase the benefits provided under this article in any manner the board determines appropriate if the increase will not cause the amortization period of the unfunded actuarial accrued liability of the pension system to exceed 25 years, after taking into account the impact of the increase.

(j-2) Except as provided by Subsection (j-1) of this section or Section 4.02(b) of this article, a provision of any plan provided by the pension system may only be amended if approved by the board. An amendment described by this subsection:

(1) may not cause the amortization period of the unfunded actuarial accrued liability of the pension system to exceed 35 years, after taking into account the impact of the amendment, as determined by the board and reviewed by the State Pension Review Board; and

(2) is not required to be ratified by the legislature.

(j-3) Same as introduced version.

(j-4) Same as introduced version.

(j-5) Not later than January 1, 2018, the board shall conduct an evaluation of:

(1) how benefits are computed under this article to identify potential means of abusing the computation of benefits to inflate

(j-5) The board may not adopt a rule under Subsection (j-1)(2) of this section unless the rule has first been reviewed by the State Pension Review Board and the State Pension Review Board finds:

(1) implementation of the rule will have a positive impact on the actuarial soundness of the pension system; and

(2) the rule complies with applicable federal law, including the United States Constitution.

(j-6) The board shall provide the State Pension Review Board with a copy of a proposed rule for purposes of Subsections (j-1)(2) and (j-5) of this section at least 90 days before the date the board intends to implement the rule.

No equivalent provision.

(j-7) At least twice each year, the board shall have a meeting to receive public input regarding the pension system and to inform the public about the health and performance of the pension system.

(n) Seven [~~Four~~] trustees of the board constitute a quorum at any [called] meeting[, ~~except that a trustee from the police department and a trustee from the fire department must be present to conduct business~~].

pension benefits received by pensioners; and (2) the impact, including the impact on the combined pension plan, of establishing one or more alternative benefit plans, including a defined contribution plan or a hybrid retirement plan that combines elements of both a defined benefit plan and a defined contribution plan, for newly hired employees of the city and for members who voluntarily elect to transfer to an alternative benefit plan.

(j-6) The board may not adopt a rule under Subsection (j-1)(2) or (3) of this section unless the rule has first been reviewed by the State Pension Review Board and the State Pension Review Board finds that implementation of a rule under:

(1) Subsection (j-1)(2) of this section complies with the amortization period prescribed by that subdivision and Subsection (j-8) of this section; or

(2) Subsection (j-1)(3) of this section complies with the amortization period prescribed by that subdivision.

(j-7) The board shall provide the State Pension Review Board with a copy of a proposed rule for purposes of Subsection (j-6) of this section at least 90 days before the date the board intends to implement the rule.

(j-8) The board may not adopt a rule under Subsection (j-1)(2) of this section based on an evaluation under Subsection (j-5)(2) of this section if the board determines implementation of the rule would cause the amortization period of the unfunded actuarial accrued liability of the combined pension plan or any plan established under this article by the pension system to exceed 35 years, after taking into account implementation of the rule.

(j-9) Same as introduced version.

(n) Six [~~Four~~] trustees of the board constitute a quorum at any [called] meeting[, ~~except that a trustee from the police department and a trustee from the fire department must be present to conduct business~~].

(o) No action may be taken by the board except at a meeting. Except as provided by Subsection (j-2) of this section or Section 4.071 of this article, or as otherwise specifically provided by law, [and] no action shall be taken during a board meeting without the approval of a majority of the trustees of the board [present].

Only actions of the board taken or approved of during a meeting are binding on the board, and no other written or oral statement or representation made by any person is binding on the board or the pension system.

(p) The board may file suit on behalf of the pension system in a court of competent jurisdiction regardless of the court's location. The board has sole authority to litigate matters on behalf of the pension system. Notwithstanding Chapter 15, Civil Practice and Remedies Code, or any other law, an action against the pension system or the board shall be brought in a court of competent jurisdiction located in the city or county in which the pension system is located.

(q) The board may purchase from one or more insurers one or more insurance policies that provide for the reimbursement of a trustee or employee of the pension system for liability imposed as damages caused by, and for costs and expenses incurred by the individual in defense of, an alleged act, error, or omission committed by the individual in the individual's capacity as a fiduciary or employee of the pension system. The board may not purchase an insurance policy that provides for the reimbursement of a trustee or employee of the system due to the trustee's or employee's dishonesty, fraudulent breach of trust, lack of good faith, intentional fraud or deception, or intentional failure to act prudently.

(r) The board shall adopt a code or codes of ethics in accordance with Section 825.212, Government Code. In adopting or amending a code or codes of ethics, the board may consider comments on the policy from the city attorney of the city. The board shall:

(1) review the code or codes of ethics on an annual basis and amend the code or codes as the board considers necessary;

(2) file a copy of the code or codes of ethics adopted or amended in accordance with this subsection with the State Pension Review

(o) No action may be taken by the board except at a meeting. Except as provided by Section 4.071 of this article, or as otherwise specifically provided by law, [and] no action shall be taken during a board meeting without the approval of a majority of the trustees of the board [present].

Only actions of the board taken or approved of during a meeting are binding on the board, and no other written or oral statement or representation made by any person is binding on the board or the pension system.

(p) Same as introduced version.

(q) Substantially the same as introduced version.

(r) Substantially the same as introduced version.

Board; and

(3) provide a copy of the code or codes of ethics adopted or amended in accordance with this subsection to the city attorney.

(s) The board shall develop an Internet website designed to give active members and pensioners access to the information concerning the system and the individual's participation in the system required by Section 802.106, Government Code, as well as information concerning the financial health of the pension system.

SECTION 6. Part 3, Article 6243a-1, Revised Statutes, is amended by adding Section 3.011 to read as follows:

No equivalent provision.

(s) Substantially the same as introduced version.

SECTION 6. Part 3, Article 6243a-1, Revised Statutes, is amended by adding Sections 3.011, 3.012, and 3.013 to read as follows:

Sec. 3.011. NOMINATIONS COMMITTEE. (a) Subject to Subsection (b) of this section, the nominations committee consists of:

(1) the executive director, who is a nonvoting member;

(2) the president, chair, or other executive head of the following organizations or their successor organizations, or that person's designee:

(A) the Dallas Black Firefighters Association;

(B) the Black Police Association of Greater Dallas;

(C) the National Latino Law Enforcement Organization;

(D) the Dallas Fraternal Order Police Lodge 588;

(E) the Dallas Police Association;

(F) the Dallas Fire Fighters Association, International Association of Fire Fighters Local No. 58; and

(G) the Dallas Hispanic Firefighters Association, Inc.;

(3) a pensioner who is:

(A) a former police officer of the city;

(B) appointed by the president, chair, or other executive head of the Dallas Police Retired Officers Association; and

(C) a member of the Dallas Police Retired Officers Association; and

(4) a pensioner who is:

(A) a former fire fighter of the city;

(B) jointly appointed by the president, chair, or other executive head of the following organizations:

(i) the Dallas Retired Firefighters

Association;

(ii) the Retired Black Firefighters Association of Dallas; and

(iii) the Dallas Hispanic Retired Fire Fighters Association; and

(C) a member of an organization described by Paragraph (B) of this subdivision.

(b) If an organization described by Subsection (a)(2) of this section elects not to participate on the nominations committee, is prohibited from participating on the nominations committee under Subsection (h) of this section, or ceases to exist, the nominations committee members appointed under that subsection consist only of representatives of the remaining organizations, if any.

(c) A vacancy on the nominations committee in a position under Subsection (a)(3) or (4) of this section shall be filled not later than the 30th day after the date of the vacancy. If a vacancy is not filled within the time prescribed by this subsection, the position on the nominations committee is eliminated.

(d) The executive director shall serve as presiding officer of the nominations committee.

(e) The nominations committee shall meet at the call of the presiding officer.

(f) The nominations committee shall appoint trustees to the board in accordance with Sections 3.01(b)(2), (b)(3), and (b-3) of this article.

(g) Persons serving on the nominations committee under Subsection (a)(2), (3), or (4) of this section serve without compensation and may not be reimbursed for travel or other expenses incurred while conducting the business of the nominations committee. The executive director may not receive additional compensation for service on the nominations committee.

(h) An organization described by Subsection (a)(2), (3), or (4) of this section may not participate on or make appointments to the nominations committee unless the organization is in good standing with the secretary of state, if applicable.

(i) Chapter 2110, Government Code, does not apply to the nominations committee.

(j) The nominations committee may establish policies and procedures governing its operations.

Sec. 3.012. REMOVAL OF TRUSTEES.

No equivalent provision.

(a) In accordance with procedures adopted by board rule, a trustee:

(1) appointed under Section 3.01(b)(1) of this article may be removed by the mayor for cause;

(2) appointed or elected under Section 3.01(b)(2), (4), or (5) of this article may be removed by the nominations committee for cause; and

(3) appointed under Section 3.01(b)(3) of this article may be removed jointly by the city manager and the nominations committee for cause.

(b) It is a cause for removal of a trustee from the board that the trustee:

(1) does not have at the time of taking office the qualifications required by Section 3.01(b) or (b-1)(1) of this article, subject to Subsection (b-3) of that section;

(2) does not maintain during service on the board the qualifications required by Section 3.01(b) or (b-1)(1) of this article, subject to Subsection (b-3) of that section;

(3) is ineligible for membership under Section 3.01(b-1)(2) or (b-2) of this article;

or

(4) is absent from more than 40 percent of the meetings that the trustee is eligible to attend during a calendar year without an excuse approved by a majority vote of the board.

(c) The validity of an action of the board is not affected by the fact that it is taken when a cause for removal of a trustee exists.

(d) If the executive director has knowledge that a potential cause for removal exists, the executive director shall notify the chairman of the board of the potential cause. The chairman shall then notify the appointing or nominating official or body, as appropriate, that a potential cause for removal exists. If the potential cause for removal involves the chairman, the executive director shall notify the vice chairman or next highest ranking officer of the board, who shall then notify the appointing or nominating official or body, as appropriate, that a potential cause for removal exists.

Sec. 3.011. TRUSTEE TRAINING.

(a) A person who is appointed to or selected for the board and qualifies for office as a trustee shall complete a training program that complies with this section.

(b) The training program must provide the

Sec. 3.013. TRUSTEE TRAINING.

(a) Same as introduced version.

(b) The training program must provide the

person with information regarding:  
(1) the law governing the pension system's operations;  
(2) the programs, functions, rules, and budget of the pension system;  
(3) the scope of and limitations on the rulemaking authority of the board;  
(4) the results of the most recent formal audit of the pension system;  
(5) the requirements of:  
(A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and  
(B) other laws applicable to a trustee in performing the trustee's duties, including the board's fiduciary duties under Section 4.07(b) of this article, Section 802.203, Government Code, and any other applicable law;  
(6) the code or codes of ethics adopted under Section 3.01(r) of this article and any applicable ethics policies adopted by the Texas Ethics Commission; and  
(7) financial training regarding the risks of investing in alternative investments.

(c) The executive director shall create a training manual that includes the information required by Subsection (b) of this section. The executive director shall distribute a copy of the training manual annually to each trustee. On receipt of the training manual, each trustee shall sign and submit to the executive director a statement acknowledging receipt of the training manual.

SECTION 7. Section 3.02, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 3.02. PROFESSIONAL CONSULTANTS. In addition to the authority of the board to employ the services of certain consultants set forth in this article, the board has the authority to employ the services of any professional consultant,

including investment advisors and investment managers, whenever the services of the consultants [~~e~~consultant] are considered necessary or desirable and in the best interests of the pension system.

A professional consultant shall receive such compensation as may be determined by the

person with information regarding:  
(1) the law governing the pension system's operations;  
(2) the programs, functions, rules, and budget of the pension system;  
(3) the scope of and limitations on the rulemaking authority of the board;  
(4) the results of the most recent formal audit of the pension system;  
(5) the requirements of:  
(A) laws relating to open meetings, public information, administrative procedure, and disclosing conflicts of interest; and  
(B) other laws applicable to a trustee in performing the trustee's duties, including the board's fiduciary duties described under Section 3.01(a) of this article;  
(6) the code or codes of ethics adopted under Section 3.01(r) of this article and any applicable ethics policies adopted by the Texas Ethics Commission; and  
(7) financial training regarding the risks of investing in alternative investments.

(c) Same as introduced version.

SECTION 7. Section 3.02, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 3.02. PROFESSIONAL CONSULTANTS. In addition to the authority of the board to employ the services of certain consultants set forth in this article, the board has the authority to employ the services of any professional consultant recommended by the executive director, including investment advisors and investment managers, whenever the services of the consultants [~~e~~consultant] are considered necessary or desirable and in the best interests of the pension system, as determined by the board in consultation with the executive director. A professional consultant shall receive such compensation

board in accordance with Section 4.01 of this article.

No equivalent provision.

SECTION 8. Section 3.03, Article 6243a-1, Revised Statutes, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

(b) Subject to Subsection (b-1) of this section, the [The] city attorney or an assistant city attorney may [shall] attend board [all] meetings [of the board] and may advise the board on any matter on which the pension system [board] requests a legal opinion from the city attorney.

(b-1) The city attorney or an assistant city attorney is not required to provide an opinion under Subsection (b) of this section unless the opinion is requested by the city council on behalf of the pension system. The city attorney or assistant city attorney may decline to provide the opinion if the subject matter of the request is too dependent on disputed facts to permit a generalized opinion, as determined by the city attorney or assistant city attorney.

No equivalent provision.

SECTION 9. Section 3.04, Article 6243a-1, Revised Statutes, is amended to read as follows:

as may be determined by the board in accordance with Section 4.01 of this article.

SECTION 8. Part 3, Article 6243a-1, Revised Statutes, is amended by adding Section 3.025 to read as follows:

Sec. 3.025. CHIEF INVESTMENT OFFICER. The executive director may hire a chief investment officer, subject to confirmation by the board, to assist the pension system regarding the investment of assets of the fund. Compensation for a chief investment officer hired under this section shall be made in accordance with Section 4.01 of this article.

SECTION 9. Section 3.03, Article 6243a-1, Revised Statutes, is amended by amending Subsections (b) and (c) and adding Subsection (b-1) to read as follows:

(b) Same as introduced version.

(b-1) Same as introduced version.

(c) The board may retain other attorneys to serve as legal advisors to [represent] the board [or to give advice]. The executive director may hire a chief legal officer, subject to confirmation by the board, or other attorneys if necessary to carry out the business of the pension system. Compensation for a chief legal officer or other attorneys hired under this subsection shall be made in accordance with Section 4.01 of this article.

SECTION 10. Section 3.04, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 3.04. APPOINTMENT OF EXECUTIVE DIRECTOR [ADMINISTRATOR]. (a) The board has the authority to appoint an executive director [administrator] to carry out the business of the board and to keep a record of the proceedings of the board.

A person appointed executive director under this section must have relevant business experience in administering similarly situated pension systems

~~[The administrator, in carrying out the business of the board within the scope of the administrator's responsibility, may not be considered a fiduciary with respect to the pension system].~~

No equivalent provision.

(b) Subject to the approval of the board and to Subsection (b-1) of this section, the executive director [administrator] may select any number of persons to assist the executive director in carrying out the executive director's duties under this section, including hiring outside accountants.

(b-1) The executive director may not select a person to assist the executive director under Subsection (b) of this section that is an active, former, or retired police officer or fire fighter of the city unless the person retired due to a disability [administrator].

(c) Both the executive director

Sec. 3.04. APPOINTMENT OF EXECUTIVE DIRECTOR [ADMINISTRATOR]. (a) The board has the authority to appoint an executive director [administrator] to assist [carry out the business of] the board with administering the pension system and ensure that records are kept [to keep a record] of the proceedings of the board. Subject to Subsection (a-1) of this section, a person appointed executive director under this section:

(1) must have, to the extent possible, relevant experience in managing a similarly situated business entity; and

(2) may not be a current or former trustee [The administrator, in carrying out the business of the board within the scope of the administrator's responsibility, may not be considered a fiduciary with respect to the pension system].

(a-1) During any period in which the most recent actuarial valuation of the pension system indicates that the period needed to amortize the unfunded actuarial accrued liability of the pension system exceeds 35 years, the board shall, to the extent lapsed investments are a significant portion of the pension system's assets, ensure that the executive director appointed under Subsection (a) of this section has, or hires staff that has, appropriate experience in managing a business entity with lapsed investments in a manner that resulted in the improved liquidity or profitability of the business entity.

(b) Subject to Subsection (b-1) of this section [the approval of the board], the executive director [administrator] may select any number of persons the executive director determines appropriate to assist the executive director in carrying out the executive director's duties under this section. Subject to Section 4.01 of this article, the titles and salaries of persons selected to assist the executive director shall be determined by the executive director.

(b-1) The executive director may not select a person to assist the executive director who is an active, former, or retired police officer or fire fighter of the city [administrator].

(c) The executive director [Both the

[~~administrator~~] and those persons selected to assist the executive director [~~administrator~~] may be considered employees of the city. Unless otherwise delegated to the executive director [~~administrator~~], the board shall have the ultimate authority to retain, discipline, or terminate the engagement of any persons selected under this section.

(d) The executive director owes a fiduciary duty to the pension system in exercising discretion when carrying out the business of the board [~~subsection~~].

(e) The executive director shall establish an organizational structure for pension system employees to optimize daily governance of the system.

SECTION 10. Sections 4.01(a), (c), and (d), Article 6243a-1, Revised Statutes, are amended.

SECTION 11. Sections 4.02(b), (d), and (e), Article 6243a-1, Revised Statutes, are amended to read as follows:

(b) Funds contributed by the city as its share of the amount required to finance the payment of benefits under the pension system may be used for no other purpose.

Any change to the [~~The~~] contributions required to be made to the pension system by the city [~~shall be annually appropriated by the city council and periodically paid on the basis of a percentage of the total wages and salaries of the members of the police and fire departments who are members of each of the plans within the pension system. The amount of this percentage and any change in it~~] may [~~be determined~~] only be made by the legislature or by a majority vote of the voters of the city.

(d) Subject to Section 4.025 of this article,

~~administrator~~] and those persons selected to assist the executive director [~~administrator~~] may be considered employees of the city. Unless otherwise delegated to the executive director [~~administrator~~], the board shall have the ultimate authority to retain, discipline, or terminate the engagement of the executive director.

(d) The executive director owes a fiduciary duty to the pension system and shall ensure the sustainability of the pension system for the purpose of providing current and future benefits to members of the pension system and their beneficiaries [~~any persons selected under this subsection~~].

(b-2) The executive director shall establish the organizational structure of pension system employees to optimize administration of the pension system.

SECTION 11. Same as introduced version.

SECTION 12. Sections 4.02(b), (d), and (e), Article 6243a-1, Revised Statutes, are amended to read as follows:

(b) Funds contributed by the city as its share of the amount required to finance the payment of benefits under the pension system may be used for no other purpose.

The city is not responsible for the payment of any administrative or professional service fees of the pension system. Any change to the [~~The~~] contributions required to be made to the pension system by the city [~~shall be annually appropriated by the city council and periodically paid on the basis of a percentage of the total wages and salaries of the members of the police and fire departments who are members of each of the plans within the pension system. The amount of this percentage and any change in it~~] may [~~be determined~~] only be made:

(1) by the legislature; [~~or~~]

(2) by a majority vote of the voters of the city; or

(3) in accordance with a written agreement entered into between the pension system and the city, unless the change would increase the period required to amortize the unfunded actuarial accrued liability of the fund.

(d) Same as introduced version.

the city shall make contributions to the pension system biweekly in an amount equal to the sum of:

(1) the greater of:

(A) 34.5 percent of the aggregate computation pay paid to members during the period for which the contribution is made; or

(B) the applicable amount set forth below:

(i) \$5,173,000 for the biweekly pay periods beginning with the first biweekly pay period that begins after September 1, 2017, and ends on the last day of the first biweekly pay period that ends after December 31, 2017;

(ii) \$5,344,000 for the 26 biweekly pay periods immediately following the last biweekly pay period described by Subparagraph (i) of this paragraph;

(iii) \$5,571,000 for the 26 biweekly pay periods immediately following the last biweekly pay period described by Subparagraph (ii) of this paragraph; and

(iv) an amount equal to the biweekly amount applicable for the prior 26 biweekly pay periods, increased by a 2.75 percent compounded rate for each subsequent 26 biweekly pay periods, beginning with the first biweekly pay period following the last biweekly pay period described in Subparagraph (iii) of this paragraph; and

(2) except as provided by Subsection (e) of this section, an amount equal to 1/26th of \$11 million. ~~[The percentage of required contributions from the city shall be in accordance with the following schedule and any increase or decrease in city contributions shall occur automatically on any increases or decreases in the members' contribution percentage:~~

~~[City Contributions Member Contributions~~

~~28 1/2% 9%~~

~~27 1/2% 8 1/2%~~

~~26% 8%~~

~~24 1/2% 7 1/2%~~

~~23% 7%~~

~~21 1/2% 6 1/2%]~~

(e) Beginning with the first biweekly pay period following the last biweekly pay period that ends on or after September 1, 2019, the [The] city is required to pay only the contribution amount described by Subsection (d)(2) of this section if the most recent actuarial valuation at the time the payment is due shows that with that contribution, the total contributions to the

(e) Beginning with the first biweekly pay period following the last biweekly pay period that ends on or after September 1, 2019, the [The] city is only required to pay the contribution amount described by Subsection (d)(2) of this section if the board determines, based on the most recently completed actuarial valuation, that with the contribution, the total contributions to the

pension system are sufficient to amortize the unfunded actuarial accrued liabilities of the fund within 35 years, as confirmed by the State Pension Review Board

~~[may elect to contribute more than that required in the schedule provided by Subsection (d) of this section, except that the city's contribution percentage may not exceed 28 1/2 percent unless approved as provided by Subsection (b) of this section. Further, in no event may the city's contribution be less than 21 1/2 percent unless approved as provided by Subsection (b)].~~

SECTION 12. Part 4, Article 6243a-1, Revised Statutes, is amended by adding Section 4.025 to read as follows:

Sec. 4.025. CITY OR MEMBER CONTRIBUTIONS IF NO UNFUNDED ACTUARIAL LIABILITIES. Notwithstanding Section 4.02 or 4.03 of this article, if the pension system has no unfunded actuarial liability as computed on the basis of an actuarial reserve funding method acceptable to and approved by the board, annual contributions must be equally divided between the city and the members. The board shall adjust the city contribution rates under Section 4.02 of this article and the member contribution rates under Section 4.03 of this article accordingly, and certify the adjusted rates.

SECTION 13. Section 4.03, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), (c), (d), and (g) and adding Subsections (a-1), (d-1), (d-2), and (i) to read as follows:

(a) Subject to Subsection (a-1) of this section and except as provided by Section 4.025 of this article, each [Eaeh] Group A member of the combined pension plan shall have 13.5 [6.5] percent of base pay deducted

pension system are sufficient to amortize the unfunded actuarial accrued liabilities of the fund within 35 years. The State Pension Review Board shall review the board's determination under this subsection. The board and the State Pension Review Board shall annually make the determination and conduct the review required under this subsection

~~[may elect to contribute more than that required in the schedule provided by Subsection (d) of this section, except that the city's contribution percentage may not exceed 28 1/2 percent unless approved as provided by Subsection (b) of this section. Further, in no event may the city's contribution be less than 21 1/2 percent unless approved as provided by Subsection (b)].~~

SECTION 13. Part 4, Article 6243a-1, Revised Statutes, is amended by adding Section 4.025 to read as follows:

Sec. 4.025. CITY OR MEMBER CONTRIBUTIONS IF NO UNFUNDED ACTUARIAL LIABILITIES. Notwithstanding Section 4.02 or 4.03 of this article, if the pension system has no unfunded actuarial liability according to the most recent actuarial valuation, the annual normal costs must be equally divided between the city and the members unless equally dividing the costs would increase the member contribution rates beyond the rates prescribed by Section 4.03 of this article. The board shall adjust the city contribution rates under Section 4.02 of this article and the member contribution rates under Section 4.03 of this article accordingly, and certify the adjusted rates. After the completion of a subsequent actuarial valuation showing unfunded actuarial liabilities, the contribution rates applicable under Sections 4.02 and 4.03 of this article apply.

SECTION 14. Section 4.03, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), (c), (d), and (g) and adding Subsections (a-1), (d-1), (d-2), and (i) to read as follows:

(a) Subject to Subsection (a-1) of this section and except as provided by Section 4.025 of this article, each [Eaeh] Group A member of the combined pension plan shall have 13.5 [6.5] percent of base pay deducted

from the member's wages each month, and the contributions shall be promptly remitted to the fund by the city.

(a-1) If a Group A member is assigned, for any period, to a job-sharing program or any similar work schedule that is considered by the member's department to be less than a full-time work schedule, the member's contributions are determined by multiplying the applicable contribution rate by a fraction, the numerator of which is the number of hours the member actually worked during the period and the denominator of which is the number of hours the member would have worked during the period if the member had been working a full-time work schedule.

(b) Each member shall ~~[continue to]~~ contribute to the fund under the applicable terms of this article ~~[section]~~ until the member leaves active service with either department. If a member leaves active service with a department, [or until the beginning of the member's 33rd year of pension service, at which time] the member shall cease making contributions.

(c) Each Group B member shall authorize the city to deduct from the member's salary a percentage of the member's computation pay. The authorization shall be in writing and filed with the executive director ~~[administrator]~~.

(d) Subject to Subsection (d-1) of this section and except as provided by Section 4.025 of this article, for pay periods starting on or after September 1, 2017, each [Each] Group B member shall have 13.5 [8.5] percent of the member's computation pay deducted from the member's wages on a biweekly basis [each month, and the contributions shall be promptly remitted to the fund by the city].

(d-1) If a Group B member is assigned, for any period, to a job-sharing program or any similar work schedule that is considered by the member's department to be less than a full-time work schedule, the member's contributions are determined by multiplying the applicable contribution rate by a fraction, the numerator of which is the number of hours the member actually worked during the period and the

from the member's wages on a biweekly basis [each month], and the contributions shall be promptly remitted to the fund by the city.

(a-1) Same as introduced version.

(b) Same as introduced version.

(c) Same as introduced version.

(d) Subject to Subsection (d-1) of this section and except as provided by Section 4.025 of this article, for pay periods starting on or after September 1, 2017, each [Each] Group B member shall have 13.5 [8.5] percent of the member's computation pay deducted from the member's wages on a biweekly basis [each month,] and the contributions shall be promptly remitted to the fund by the city.

(d-1) Same as introduced version.

denominator of which is the number of hours the member would have worked during the period if the member had been working a full-time work schedule.

(d-2) For purposes of Subsection (d) of this section, "computation pay" includes computation pay paid to a Group B member during any period the member is receiving workers' compensation.

(g) The percentage of base pay contributed by Group A members or computation pay contributed by Group B members may not be altered except by an adjustment under Section 4.025 [~~amendment pursuant to the terms of Section 4.02~~] of this article.

(i) Member contributions under this article or any payments a member is entitled to make under this article to receive additional pension service may be picked up by the city under the terms of an appropriate resolution of the city council.

SECTION 14. Section 4.04, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) and adding Subsections (f-1) and (h-1) to read as follows:

(a) Except as provided by Subsection (d) or (e) of this section, a [A] Group B member who, either voluntarily or involuntarily, leaves active service is entitled to a refund from the fund of the total amount of the member's Plan B and Group B contributions, without interest, that were paid beginning with the effective date of the member's Group B membership or membership in Plan B. A refund under this subsection results in a total cancellation of pension service credit and the member and any person who would otherwise take by, through, or under the member is not entitled to any benefits from the pension system [~~an appropriate reduction of pension service~~].

(c) A [~~former~~] Group B member who desires [~~desiring~~] a refund of the Plan B or Group B contributions under Subsection (b) of this section [~~the person made to the fund~~] must make written application for the refund with the executive director [~~administrator~~]. In no case may any refund be made to a [~~any former~~] Group B member before the expiration of 30 days after the date the person leaves active service.

(d-2) Same as introduced version.

(g) Same as introduced version.

(i) Same as introduced version.

SECTION 15. Section 4.04, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) and adding Subsections (f-1) and (h-1) to read as follows:

(a) Same as introduced version.

(c) A [~~former~~] Group B member who desires [~~desiring~~] a refund of the Plan B or Group B contributions under Subsection (a) of this section [~~the person made to the fund~~] must make written application for the refund with the executive director [~~administrator~~]. In no case may any refund be made to a [~~any former~~] Group B member before the expiration of 30 days after the date the person leaves active service.

(d) Subject to Subsection (k) of this section, if a Group B member with less than five years of pension service either voluntarily or involuntarily leaves active service and fails to make written application for a refund of contributions within three years after the date of the notice described by Subsection (j) of this section [~~is~~] made by the board, the person forfeits the right to withdraw any portion of the contribution, and the total amount of Plan B and Group B contributions the person made will remain in the fund. If the Group B member described by this subsection dies after leaving active service, the [~~person's heirs or, if there are no heirs, the~~] deceased member's designee [~~estate~~] may apply for the refund of the person's contributions, resulting in an appropriate loss of pension service if the application is filed with the executive director [~~administrator~~] within three years after the date of the notice described by Subsection (j) of this section [~~is~~] made by the board. Subject to Subsection (k) of this section, if a Group B member's designee [~~heirs or estate~~] fails to apply for a refund of the Group B member's contributions within the three-year period described by this subsection, the designee forfeits [~~heirs and the estate forfeit~~] any right to the contributions, and the total amount of the Plan B and Group B contributions made by the Group B member will remain in the fund.

(d) Same as introduced version.

(e) Subject to Subsection (k) of this section, if a Group B member with five or more years of pension service either voluntarily or involuntarily leaves active service and fails to make written application for a refund of the person's Plan B and Group B contributions within three years after the date of the notice described by Subsection (j) of this section [~~is~~] made by the board, the person forfeits the right to withdraw any portion of the contributions, and the total amount of the contributions will remain in the fund. A Group B member described by this subsection may, however, apply for a Group B retirement pension [~~benefits~~] under Section 6.02 of this article or, if the Group B member dies before the member is eligible to apply for a Group B retirement pension, the member's qualified survivors [~~benefits, the person's heirs or, if there are no heirs, the deceased member's estate~~] may apply for

(e) Same as introduced version.

Group B death benefits under Sections 6.06, 6.061, 6.062, and 6.063 of this article. If the Group B member dies before the member is eligible to apply for a Group B retirement pension and the member has no qualified survivors, the Group B member's designee [in accordance with the provisions of this article, or the heirs or the estate] may apply for a refund of the Group B member's Plan B and Group B contributions, resulting in a total cancellation [an appropriate loss] of pension service. Subject to Subsection (k) of this section, if a Group B member's designee [heirs or estate] fails to apply for a refund of the Group B and Plan B member's contributions within the three-year period described by this subsection, the designee forfeits [heirs and the estate forfeit] any right to the contributions, and the total amount of the Plan B and Group B contributions made by the Group B member will remain in the fund.

(f) Subject to Subsections (g) and (h) of this section, [H] a Group B member, other than a Group B member who elects or has elected to receive a Group A benefit or a benefit determined under the old plan or Plan A, who [with five or more years of pension service] either voluntarily or involuntarily leaves active service with five or more years of pension service [the person] is entitled to:

(1) subject to Subsection (f-1) of this section, have the total amount of the person's Plan B and Group B contributions to the fund refunded in accordance with Subsection (a) of this section, which results in a loss of all of the person's accrued pension service; or

(2) if the Group B member first entered active service before January 1, 1999, elect to take a refund of less than the total amount of the person's Plan B and Group B contributions while leaving a sufficient amount to retain pension service amounting to five or more years.

(f-1) A Group B member who elects to receive a refund under Subsection (f)(1) of this section and any person who would otherwise take by, through, or under the member is not entitled to any benefits from the pension system.

(g) If a Group B member elects a refund of a portion of the person's contributions under Subsection (f)(2) of this section, the amount

(f) Same as introduced version.

(f-1) Same as introduced version.

(g) Same as introduced version.

of the refund shall equal the total amount of the person's Plan B and Group B annual contributions, without interest, for each full year of pension service canceled [~~cancelled~~], computed based on the earliest contributions made.

(h) A [~~former~~] Group B member who first entered active service on or after January 1, 1999, is entitled to have the total amount of the person's Group B contributions refunded under Subsection (a) of this section in accordance with Subsection (f)(1) of this section, but may not receive a refund of less than the total amount in accordance with Subsection (f)(2) of this section.

(h-1) A Group B member who leaves active service and later returns to active service is permitted to repay to the fund any previously withdrawn employee contributions and receive pension service in accordance with Section 5.07(d) of this article as a Group B member to the extent that [if,] before again leaving active service, the Group B member repays [~~completely~~] to the fund the previously withdrawn contributions with interest, calculated at the interest rate from time to time used in the pension system's actuarial rate of return assumptions, compounded annually, on the previously withdrawn contributions [~~for the period from the date the contributions were withdrawn until the date the principal and accrued interest are repaid in full~~].

(j) On the 58th [~~50th~~] anniversary of the birth of a Group B member described by Subsection (d) or (e) of this section, or on the board's receipt of notice of the death of the Group B member, the board shall, by registered or certified mail, return receipt requested, attempt to notify the Group B member, qualified survivor, or designee [~~the member's heirs or estate~~], as applicable, of the status of the person's [~~their~~] entitlement to a refund of contributions from the fund.

(k) A Group B member or designee described by Subsection (d) or (e) of this section [~~or the heirs or estate of the Group B member~~] shall have the person's [~~their~~] right, title, interest, or claim to a refund of the Group B member's contributions reinstated only on the board's grant of their written request for a reinstatement and refund. The board's decision shall be based on a uniform and nondiscriminatory basis

(h) Same as introduced version.

(h-1) Same as introduced version.

(j) On the 58th [~~50th~~] anniversary of the birth of a Group B member described by Subsection (d) or (e) of this section, or on the board's receipt of notice of the death of the Group B member, the board shall, by registered or certified mail, return receipt requested, attempt to notify the Group B member or designee [~~the member's heirs or estate~~], as applicable, of the status of the person's [~~their~~] entitlement to a refund of contributions from the fund.

(k) Same as introduced version.

[policy that it shall, from time to time, adopt].

SECTION 15. Section 4.06(c), Article 6243a-1, Revised Statutes, is amended.

SECTION 16. Section 4.07, Article 6243a-1, Revised Statutes, is amended.

SECTION 17. Part 4, Article 6243a-1, Revised Statutes, is amended.

SECTION 18. Section 4.08(a), Article 6243a-1, Revised Statutes, is amended to read as follows:

(a) The executive director [~~board~~] has the authority to employ a qualified actuary to provide a continuing observation of the operation of the pension system and to make recommendations and give advice to the board about the condition of the assets of the fund and the administration of the pension system. A qualified actuary shall receive such compensation as is determined by the board in accordance with Section 4.01 of this article.

No equivalent provision.

SECTION 19. Section 4.09, Article 6243a-1, Revised Statutes, is amended.

SECTION 20. Section 5.01, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 5.01. MEMBERSHIP IN COMBINED PENSION PLAN. (a) The

membership of the combined pension plan is composed of the following persons:

(1) Group A members:

(A) police officers or fire fighters who are on active service and who as of February 28, 1973, had filed a written statement with the pension system of their desire to participate

SECTION 16. Same as introduced version.

SECTION 17. Same as introduced version.

SECTION 18. Substantially the same as introduced version.

No equivalent provision.

SECTION 19. Section 4.08, Article 6243a-1, Revised Statutes, is amended by adding Subsection (c) to read as follows:

(c) On written request by the city, the executive director shall make available to the city's actuary or auditor the information and documents provided to or used by the pension system's actuary or auditor in conducting an actuarial valuation under this article or preparing any other document prepared under this article.

SECTION 20. Same as introduced version.

SECTION 21. Section 5.01, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 5.01. MEMBERSHIP IN COMBINED PENSION PLAN. (a) Except as provided

by Subsection (a-1) of this section, the [~~The~~] membership of the combined pension plan is composed of the following persons:

(1) Group A members:

(A) police officers or fire fighters who are on active service and who as of February 28, 1973, had filed a written statement with the pension system of their desire to participate

in either the old plan or Plan A;  
(B) police officers and fire fighters who are on active service and [;] who were employed and receiving compensation from the city as a police officer or a fire fighter before March 1, 1973, and who made contributions to either the old plan or Plan A attributable to any period of employment before March 1, 1973; and  
(C) except as provided by Subsection (b) of this section, persons who elect to become Group A members under that subsection; and  
(2) Group B members:  
(A) police officers and fire fighters who are on active service and who [;] were formerly members of either the old plan or Plan A [;] and who, as of April 30, 1973, had filed a written statement with the pension system of their desire to participate in Plan B;  
(B) police officers and fire fighters who are on active service and who on or after March 1, 1973, and before January 1, 1993, became members of Plan B;  
(C) as a condition of employment, any police officer [~~offiee~~] or fire fighter who is initially employed as a police officer or a fire fighter by the city on or after January 1, 1993;  
(D) as a condition of return to active service and except as provided by Subsection (b) of this section, former members of the old plan or Plan A who left active service before March 1, 1973;  
(E) as a condition of return to active service and except as provided by Subsection (c) of this section, former Group B members who are no longer on active service, whether or not the persons were ever a member of the old plan, Plan A, or the combined pension plan;  
(F) Group A members who are on active service and meet the requirements and make an election under Subsection (d) of this section; and  
(G) persons who are on active service and make an election under Subsection (e) of this section.

No equivalent provision.

in either the old plan or Plan A;  
(B) police officers and fire fighters who are on active service and [;] who were employed and receiving compensation from the city as a police officer or a fire fighter before March 1, 1973, and who made contributions to either the old plan or Plan A attributable to any period of employment before March 1, 1973; and  
(C) except as provided by Subsection (b) of this section, persons who elect to become Group A members under that subsection; and  
(2) Group B members:  
(A) police officers and fire fighters who are on active service and who [;] were formerly members of either the old plan or Plan A [;] and who, as of April 30, 1973, had filed a written statement with the pension system of their desire to participate in Plan B;  
(B) police officers and fire fighters who are on active service and who on or after March 1, 1973, and before January 1, 1993, became members of Plan B;  
(C) as a condition of employment, any police officer [~~offiee~~] or fire fighter who is initially employed as a police officer or a fire fighter by the city on or after January 1, 1993;  
(D) as a condition of return to active service and except as provided by Subsection (b) of this section, former members of the old plan or Plan A who left active service before March 1, 1973;  
(E) as a condition of return to active service and except as provided by Subsection (c) of this section, former Group B members who are no longer on active service, whether or not the persons were ever a member of the old plan, Plan A, or the combined pension plan;  
(F) Group A members who are on active service and meet the requirements and make an election under Subsection (d) of this section; and  
(G) persons who are on active service and make an election under Subsection (e) of this section.

(a-1) Group A or Group B members do not include any employee of the city who is required by ordinance or who elects, in accordance with an ordinance, to participate in an alternative benefit plan established under Section 3.01(j-1)(2) of this article

based on an evaluation under Section 3.01(j-5)(2) of this article.

(b) A person who has received an old plan, Plan A, or combined pension plan retirement or disability pension on or after March 1, 1973, may, if the person returns to active service, elect to participate as a Group A or Group B member by filing a written application for membership with the executive director ~~[administrator]~~ not later than 60 days after the date of return to active service. ~~[As a condition of either Group A or Group B membership, the board may require the person to undergo a physical examination and be certified by the health director as being capable of performing the duties to which the person will be assigned.]~~ If the person described by this subsection does not elect to become a Group A or Group B member, the person shall on leaving active service receive a retirement pension in an amount that is unadjusted for the period of return to active service if the person meets all of the requirements of Group A membership.

(b) Same as introduced version.

(c) A Group B pensioner who was never a member of the old plan, Plan A, or the combined pension plan before January 1, 1993, may, if the person returns to active service, elect to become a Group B member by filing a written application for membership with the executive director ~~[administrator]~~ not later than 60 days after the date of return to active service. ~~[As a condition of Group B membership, the board may require the pensioner to undergo a physical examination and be certified by the health director as being capable of performing the duties to which the person will be assigned.]~~ If the person described by this subsection does not elect to again become a Group B member, on leaving active service, if the person meets all applicable requirements of this article, the person shall receive benefits in an amount equal to the amount the person was receiving as of the day before the day the person returned to active service, and the person's base pension shall be the same as the base pension originally computed before the return to active service.

(c) Same as introduced version.

(d) A person who is on active service and is

(d) Same as introduced version.

a Group A member may, before the person participates in DROP, irrevocably elect to become a Group B member by filing a written application with the executive director [~~administrator~~]. On and after the filing of the application, the Group A member shall make contributions to the fund at the rate applicable to Group B members. However, the contributions do not, by themselves, establish [~~constitute~~] Group B membership. Group B membership is contingent on the satisfaction of the following conditions:

(1) the [~~The~~] person must, before the person elects to participate in DROP, pay an amount to the fund equal to the difference between the contributions the person would have made to the fund had the person been a Group B member for the entire period the person could otherwise have been a Group B member before making application for membership and the contributions the person actually made during that period, plus interest calculated in accordance with procedures adopted by the board from time to time; and[-]

(2) the [~~The~~] payments described by this subsection must be completed before the earlier of the date on which the person begins participation in DROP or leaves active service in accordance with procedures adopted by the board from time to time.

(d-1) If the fund does not receive payment under Subsection (d)(1) of this section by the [~~that~~] date prescribed by Subsection (d)(2) of this section, all payments made under Subsection (d)(1) of this section [~~of this type~~], as well as those amounts paid by the person after the person's application for Group B membership that are in excess of the Group A member contribution rate, shall be returned without accrued interest to the person, or in the event of the person's death to the person's designee [~~surviving spouse, children, or estate~~], as applicable.

(e) A person who is on active service and has never been a member of any plan within the pension system may elect to become a Group B member on a prospective basis by filing a written application for membership with the executive director [~~administrator~~].

(d-1) If the fund does not receive payment under Subsection (d)(1) of this section by the [~~that~~] date prescribed by Subsection (d)(2) of this section, all payments made under Subsection (d)(1) of this section [~~of this type~~], as well as those contribution amounts paid by the person after the person's application for Group B membership that are in excess of the Group A member contribution rate, shall be returned without accrued interest to the person, or in the event of the person's death to the person's designee [~~surviving spouse, children, or estate~~], as applicable.

(e) Same as introduced version.

SECTION 21. Sections 5.02(a), (d), (e), (h), and (i), Article 6243a-1, Revised Statutes, are amended.

SECTION 22. Section 5.03, Article 6243a-1, Revised Statutes, is amended.

SECTION 23. Section 5.04, Article 6243a-1, Revised Statutes, is amended.

SECTION 24. Section 5.05, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 5.05. PENSION SERVICE.

(a) Subject to Subsection (d) of this section and except as provided by Subsection (e) of this section, a [A] member shall receive pension service for the time, computed in years and fractional years for months and days, completed as a member of the combined pension plan, the old plan, Plan A, or Plan B.

(b) A member who elects to pay contributions for time spent on military leave, authorized leave of absence, or for an apprenticeship or probationary period, or for any other reason provided for by this article may ~~not~~ receive ~~[any]~~ pension service for ~~[any part of]~~ the time for which the member is contributing only to the extent provided under Section 5.07(d), 5.08, or 5.09 of this article [until the entire amount due the fund for the entire period involved has been paid as if the service were performed as a member].

(c) If a member, either voluntarily or involuntarily, leaves active service and later returns to active service, the person shall receive full pension service for the period of the person's original membership, if the person did not withdraw the person's contributions pursuant to Section 4.04 of this article. If, however, the member had withdrawn the person's contributions and did [does] not replace the previously withdrawn contributions ~~[with interest]~~ as required by Section 4.04 of this article, the member [person] forfeits any pension service attributable to any period of time for which the respective contributions were not repaid [accrued while a member before the

SECTION 22. Substantially the same as introduced version.

SECTION 23. Same as introduced version.

SECTION 24. Same as introduced version.

SECTION 25. Section 5.05, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 5.05. PENSION SERVICE.

(a) Same as introduced version.

(b) A member who elects to pay contributions for time spent on military leave, authorized non-uniformed leave of absence, or for an apprenticeship or probationary period, or for any other reason provided for by this article may ~~not~~ receive ~~[any]~~ pension service for ~~[any part of]~~ the time for which the member is contributing only to the extent provided under Section 5.07(d), 5.08, or 5.09 of this article [until the entire amount due the fund for the entire period involved has been paid as if the service were performed as a member].

(c) Same as introduced version.

~~date of the person's return to active service].~~

(d) If a member is assigned, for any period, to a job-sharing program or any similar work schedule that is considered by the member's department to be less than a full-time work schedule, the member's pension service is determined by multiplying the pension service that could have been earned for full-time work during the period by a fraction, the numerator of which is the number of hours the member actually worked during the period and the denominator of which is the number of hours the member would have worked during the period if the member had been working a full-time work schedule. This proration may not affect the computation of pension service for a member during any period the member is on leave:

(1) because of an illness or injury; or

(2) receiving periodic payments of workers' compensation.

(e) Notwithstanding any other provision in this section, a member may not receive pension service attributable to nonqualified service to the extent the pension service would result in either more than five years of permissive service attributable to nonqualified service being taken into account, or any permissive service being taken into account before the member has completed at least five years of active service. In this subsection, "permissive service" and "nonqualified service" have the meanings described by Section 415(n)(3) of the code.

SECTION 25. Sections 5.06, 5.07, 5.08, and 5.09, Article 6243a-1, Revised Statutes, are amended to read as follows:

Sec. 5.06. VESTED RIGHTS OF GROUP B MEMBERS. (a) If a Group B member accrues five years of pension service, whether the pension service is accrued while a Group B member or while a member of the old plan, Plan B, Plan A, the combined pension plan, or a combination of the plans, the Group B member has vested rights and is eligible to apply for a retirement pension in accordance with Section 6.02 of this article.

(b) If a Group B member has vested rights as determined under Subsection (a) of this section, and the Group B member either

(d) Same as introduced version.

(e) Same as introduced version.

SECTION 26. Sections 5.06, 5.07, 5.08, and 5.09, Article 6243a-1, Revised Statutes, are amended to read as follows:

Sec. 5.06. Same as introduced version.

voluntarily or involuntarily leaves active service before becoming eligible to receive any benefits under Section 6.02 of this article, the person shall be provided with a letter approved by the board and signed by the executive director ~~[administrator]~~ that, barring unrepaid refunds, clerical error, miscalculation, or other error, is incontestable and shall state:

- (1) the total amount of pension service the Group B member had accrued until the date the person left active service;
- (2) the total amount of contributions the Group B member made under the terms of Plan B and the combined pension plan; and
- (3) the monthly retirement pension due the Group B member at age 58 ~~[50]~~.

Sec. 5.07. PURCHASE OF PENSION SERVICE BY GROUP B MEMBERS. (a)

A Group B member who is on active service and has previously elected not to become a contributing member of the old plan or ~~[and]~~ Plan A may purchase pension service from the fund for that period during which the member performed active service with either department until the effective date of the member's Group B membership. No pension service may be given to the Group B member except to the extent that ~~[until]~~ payment is made for the ~~[entire period described by this subsection, and no]~~ pension service in accordance with Subsection (d) of this section ~~[may be purchased for any period that is of greater or lesser length]~~.

(b) Payment for the purchase of pension service under Subsection (a) of this section shall be equal to the amount of contributions the Group B member would have made to the old plan and Plan A had the member been a contributing member of either of the plans during the period for which the pension service is being purchased ~~[described by Subsection (a) of this section]~~, plus interest calculated in accordance with procedures adopted by the board from time to time.

(c) Subject to Subsection (d) of this section, ~~a~~ [A] Group B member who is on active service may repay the fund all or a portion of the employee contributions withdrawn by an alternate payee pursuant to the terms of a qualified domestic relations order ~~[and receive pension service as a Group B~~

Sec. 5.07. Same as introduced version.

~~member attributable to the contributions, if the Group B member repays completely to the fund the withdrawn contributions] with interest, calculated at the interest rate from time to time used in the pension system's actuarial rate of return assumptions, compounded annually, on the contributions for the period from the date the contributions were withdrawn until the date the principal and accrued interest are repaid, and receive pension service as a Group B member, in accordance with Subsection (d) of this section, for the period for which the contributions and interest were paid [in full].~~

~~(d) [No pension service may be given to a Group B member under Subsection (b) or (e) of this section until the entire amount described by Subsection (b) or (e) has been paid to the fund.]~~ If payment of the entire amount of pension service a member is entitled to under Subsection (a) or (c) of this section or under Section 4.04(h-1) of this article is not completed by the earlier of the date the Group B member begins participation in DROP or the date the member [is not completed by the date the Group B member] leaves active service, pension service will be provided only for the number of full years of pension service that the contributions and interest paid under those provisions will purchase, computed based on the most recent years for which the member was entitled to purchase pension service. Except for pension service that is picked up by the city under the authority of Section 414(h)(2) of the code, a fractional year of pension service may be purchased only if less than a full year of pension service is available for purchase.

~~(e) The amounts paid but insufficient to purchase one or more whole years of pension service that remain available for purchase, including any interest paid by the Group B member, must be returned to the Group B member or, if the Group B member has died, to the Group B member's designee, without any accrued interest on the returned money.~~

~~(f) Notwithstanding any other provision of this section, any amounts that have been picked up and paid by the city may not be paid to a member or designee, and the member shall be given credit for all years, and fractions of years, of pension service that can be purchased with the picked-up~~

~~contributions [all partial payments shall be returned to the Group B member or, if the Group B member has died, to the member's heirs or estate, whichever is applicable].~~

Sec. 5.08. MEMBERS IN UNIFORMED ~~[ARMED]~~ SERVICES. (a) In this section, "service in the uniformed services" has the meaning assigned by the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.).

(a-1) A member who is reemployed by the city after an absence due to service in the uniformed services shall receive contributions, benefits, and pension service that are no less favorable than those required by Section 414(u) of the code in accordance with the procedure described by Subsection (c) of this section [may receive pension service for time spent away from either department while on active duty in any of the military services of the United States, including service in any state or National Guard or any reserve component of any military service in accordance with the military leave provided by this section].

(b) To the extent a provision of this section that was in effect before November 25, 1996, would provide a member who was on active service with the pension system before November 25, 1996, with greater rights, the prior provision of this section applies [Any member inducted into the armed forces as a draftee must reapply for reinstatement with the member's prior department within 90 days after the date of honorable discharge or separation from military service. On such reinstatement, the member may elect to repay the member's contributions at any time under the procedure described by Subsection (h) of this section].

(c) Payment for credit for pension service under this section [Any member enlisting in the armed forces, other than as a reservist, whose military service between June 24, 1948, and August 1, 1961, did not exceed four years, or whose military service began after August 1, 1961, and did not exceed five years if the fifth year is at the request and convenience of the federal government, and who was honorably discharged or separated from service is guaranteed, under the provisions of coverage described by this

Sec. 5.08. Substantially the same as introduced version.

~~subsection, the right to restore pension service under the procedure described by Subsection (h) of this section. The four and five year leaves permitted by this subsection apply to all of a member's employment with the city. An enlistment plus any number of reenlistments may not exceed the four or five year limitations stated above.~~

~~[(d) Any member ordered to an initial period of active duty for training in a reserve component of not less than 12 consecutive weeks is entitled to restore pension service for the period absent from the member's department, if the member returns to the member's department within 31 days after the date of honorable discharge or separation from duty in the reserve unit.~~

~~[(e) Any member serving in a reserve component, voluntarily or involuntarily, may remain on military leave for four years, which may be extended for periods when the President of the United States calls the reserve unit into active duty. The service extension for members joining a reserve unit voluntarily is available only when the additional service is at the request and for the convenience of the federal government. Any member returning to the member's department under this provision must report back to work within the time specified to the member by the department, giving due regard for travel time and hospitalization, if required. Any inquiry into the validity of orders extending terms of reservist active duty for training will be referred to the Department of Labor's Office of Veterans' Employment and Training.~~

~~[(f) Any member on military leave for short periods of authorized training, such as two-week encampments, are treated as on leave with pay for up to 15 working days in any one calendar year, during which time pension service automatically accrues. Leave in excess of 15 days will be treated as described by Subsection (e) of this section.~~

~~[(g) With the exception of those circumstances described by Subsection (f) of this section, the city is not required to match contributions made by members under the terms of this section.~~

~~[(h) Repayment] shall be made in accordance with Section 5.07 of this article and a [the procedure set forth in any] uniform and nondiscriminatory [military~~

~~leave and payment~~] procedure adopted by the board ~~[and in effect from time to time]~~.

Sec. 5.09. NON-UNIFORMED  
~~[NONMILITARY]~~ LEAVE OF ABSENCE.

(a) An "authorized non-uniformed leave of absence" means any leave of absence that meets one of the following requirements ~~[conditions]~~:

(1) the leave of absence was unpaid and granted by the member's department in accordance with the federal Family and Medical Leave Act of 1993 (29 U.S.C. Section 2601 et seq.); or

(2) the leave of absence was unpaid and was ~~[must be]~~ an official leave authorized and certified by the chief of ~~the~~ member's ~~[either]~~ department as being beneficial to~~;~~ and

~~[(2) the leave of absence must be for the purpose of benefitting]~~ the department.

(b) Subject to the requirements of this section and any procedures adopted by the board, a [A] member may receive pension service for time spent away from ~~the~~ member's ~~[either]~~ department on an authorized non-uniformed ~~[nonmilitary]~~ leave of absence. To receive pension service under this section ~~[for a nonmilitary leave of absence, the following conditions must be met:~~

~~[(1) before the date the member's leave of absence is to begin], the member must file with the executive director ~~[administrator]~~ a written application to pay to the fund both:~~

(1) the member contributions the member would have made to the fund had the member remained on active service and had there been no change in the member's position or hours of work during the period of the authorized leave of absence; and

(2) the contributions the city would have made to the fund on the member's behalf ~~[any contributions that will accrue during the member's leave as set forth in Subdivisions (2) and (3) of this subsection;~~

~~[(2) the member must agree to pay into the fund the amount the member would have contributed had the member remained on active service, the amount to be based on the computation pay the member would have normally received had there been no change in the member's position during the period~~

Sec. 5.09. NON-UNIFORMED  
~~[NONMILITARY]~~ LEAVE OF ABSENCE.

(a) Same as introduced version.

(b) Subject to the requirements of this section and any procedures adopted by the board, a [A] member may receive pension service for time spent away from ~~the~~ member's ~~[either]~~ department on an authorized non-uniformed ~~[nonmilitary]~~ leave of absence. To receive pension service under this section ~~[for a nonmilitary leave of absence, the following conditions must be met:~~

~~[(1) before the date the member's leave of absence is to begin], the member must file with the executive director ~~[administrator]~~ a written application to pay to the fund both:~~

(1) the member contributions the member would have made to the fund had the member remained on active service and had there been no change in the member's position or hours of work during the period of the authorized non-uniformed leave of absence; and

(2) the contributions the city would have made to the fund on the member's behalf ~~[any contributions that will accrue during the member's leave as set forth in Subdivisions (2) and (3) of this subsection;~~

~~[(2) the member must agree to pay into the fund the amount the member would have contributed had the member remained on active service, the amount to be based on the computation pay the member would have normally received had there been no change in the member's position during the period~~

of leave;

~~[(3) the member must agree to pay into the fund an amount equal to the amount the city would have contributed computed on the basis of total wages and salary the member would normally have received] had the member remained on active service and had there been no change in the member's position or hours of work during the period of the authorized leave of absence.~~

(b-1) Contributions made under Subsection (b)(2) of this section may not be refunded to the member.

(b-2) The written application described by Subsection (b) of this section must be filed before the member's leave of absence begins, unless the pension system determines that it would not be reasonable to expect the member to file the application before the leave of absence begins, in which case the application must be filed as soon as circumstances permit, as determined by the pension system. [leave, the payment to represent the total amount that would have been contributed by the city on the member's behalf had the member remained on active service and paid in addition to the amount the member must contribute as set forth in Subdivision (2) of this subsection;]

(b-3) To receive pension service under this section, the following additional conditions must also be met:

(1) [~~(4)~~] if the member's contribution rate, the city's contribution rate, or both the member's and city's contribution rates change before the end of the member's leave of absence [changes as provided by Section 4.02 of this article], the percentage [of total wages and salary] required to be paid by the member also changes, so that the amount paid by the member in accordance with this section always equals the amount that would have been contributed by the member, and by the city on the member's salary [behalf] had the member remained on active service[, and in no event is the city required to pay into the fund any contributions that would have been made on behalf of a member had the member remained on active service during the period of an authorized leave of absence];

of leave;

~~[(3) the member must agree to pay into the fund an amount equal to the amount the city would have contributed computed on the basis of total wages and salary the member would normally have received] had the member remained on active service and had there been no change in the member's position or hours of work during the period of the authorized non-uniformed leave of absence.~~

(b-1) Same as introduced version.

(b-2) The written application described by Subsection (b) of this section must be filed before the member's authorized non-uniformed leave of absence begins, unless the pension system determines that it would not be reasonable to expect the member to file the application before the authorized non-uniformed leave of absence begins, in which case the application must be filed as soon as circumstances permit, as determined by the pension system. [leave, the payment to represent the total amount that would have been contributed by the city on the member's behalf had the member remained on active service and paid in addition to the amount the member must contribute as set forth in Subdivision (2) of this subsection;]

(b-3) To receive pension service under this section, the following additional conditions must also be met:

(1) [~~(4)~~] if the member's contribution rate, the city's contribution rate, or both the member's and city's contribution rates change before the end of the member's authorized non-uniformed leave of absence [changes as provided by Section 4.02 of this article], the percentage [of total wages and salary] required to be paid by the member also changes, so that the amount paid by the member in accordance with this section always equals the amount that would have been contributed by the member, and by the city on the member's behalf had the member remained on active service[, and in no event is the city required to pay into the fund any contributions that would have been made on behalf of a member had the member remained on active service during the period of an authorized leave of absence];

(2) [(5)] payment of contributions as set forth in Subsection (b) of this section [~~Subdivisions (3) and (4) of this subsection~~] shall begin coincident with the beginning of the applicable

leave of absence and shall be made monthly to the executive director [~~administrator~~] for deposit in the fund, unless the board authorizes the deferment of the payments, in which case the payments must include interest calculated in accordance with Subsection (b-4) of this section [~~until the member has returned to active service~~];

(3) no pension service will be granted to the member until the member returns to active service, and if the member does not return to active service, the contributions paid, including any interest paid, will be returned to the member except as provided by Subsection (c) of this section;

(4) if the board authorizes the deferment of the payments under Subdivision (3) of this subsection, the payment must [~~may~~] be made either by authorizing the deduction of pro rata portions of the total amount due from the member's salary over a one-year period, or by cash payment made to the executive director [~~administrator~~] within one year after the date of the member's return to active service, except that the board may approve a longer period for making the payment if it finds that the one-year limit would work a financial hardship on the member;

(5) [(6)] the member must return to active service within 90 days after the date the member's authorized leave expires, or if the member's authorized leave does not have a fixed expiration date, within a reasonable time to be determined by the board, or the member forfeits the right to pay for the leave time; and

(6) [(7)] no member may ever be allowed to pay leave of absence contributions under this section for any time in excess of the time actually spent on an authorized leave of absence.

(b-4) For purposes of Subsection (b-3)(2) of this section, interest is calculated from the date the member's payment was first due, at the interest rate from time to time used in the pension system's actuarial rate of return

(2) [(5)] payment of contributions as set forth in Subsection (b) of this section [~~Subdivisions (3) and (4) of this subsection~~] shall begin coincident with the beginning of the applicable authorized non-uniformed

leave of absence and shall be made monthly to the executive director [~~administrator~~] for deposit in the fund, unless the board authorizes the deferment of the payments, in which case the payments must include interest calculated in accordance with Subsection (b-4) of this section [~~until the member has returned to active service~~];

(3) no pension service will be granted to the member until the member returns to active service, and if the member does not return to active service, the contributions paid, including any interest paid, will be returned to the member except as provided by Subsection (c) of this section;

(4) if the board authorizes the deferment of the payments under Subdivision (2) of this subsection, the payment must [~~may~~] be made either by authorizing the deduction of pro rata portions of the total amount due from the member's salary over a one-year period, or by cash payment made to the executive director [~~administrator~~] within one year after the date of the member's return to active service, except that the board may approve a longer period for making the payment if it finds that the one-year limit would work a financial hardship on the member;

(5) [(6)] the member must return to active service within 90 days after the date the member's authorized non-uniformed leave of absence expires, or if the member's authorized non-uniformed leave of absence does not have a fixed expiration date, within a reasonable time to be determined by the board, or the member forfeits the right to pay for the leave time; and

(6) [(7)] no member may ever be allowed to pay leave of absence contributions under this section for any time in excess of the time actually spent on an authorized non-uniformed leave of absence.

(b-4) Same as introduced version.

assumptions, compounded annually until the date the principal and accrued interest are repaid in full.

(c)(1) If a member of the combined pension plan is disabled or dies while on an authorized leave of absence, the member or the member's designee is ~~[heirs are]~~ entitled to ~~[either]~~ a refund of contributions pursuant to Section 4.04 of this article or the member or the member's qualified survivors are entitled to benefits under the provisions of this article, to the extent applicable.

(2) A member who is disabled or dies while on leave of absence pursuant to this section may receive no pension service for any portion of the period of the leave,<sup>[;]</sup> except that if the member had, before the member's disability or death, paid for contributions while on leave of absence in accordance with ~~[Subsection (a) of]~~ this section, the member shall receive pension service for the leave time actually paid for at the time of the member's disability or death. The ~~[, but the]~~ member may receive no pension service for any portion of the period of leave for which contributions were ~~[have]~~ not ~~[been]~~ paid to the executive director ~~[administrator]~~ for deposit in the fund.

SECTION 26. Sections 6.01 and 6.02, Article 6243a-1, Revised Statutes, are amended to read as follows:

Sec. 6.01. GROUP A RETIREMENT PENSION.

(a) A Group A member ~~[or former Group A member]~~ must have 20 years of pension service to be eligible for a Group A retirement pension under this section. A member's benefit election ~~[application]~~ under this section, once approved ~~[made]~~, is irrevocable.

(a-1) If a Group A pensioner returns to active service as a police officer or fire fighter with the city, the person's Group A retirement pension ceases until the time that the person again leaves active service with the city.

(a-2) If a Group A pensioner resumes employment with the city in a capacity other

(c)(1) If a member of the combined pension plan is disabled or dies while on an authorized non-uniformed leave of absence, the member or the member's designee is ~~[heirs are]~~ entitled to ~~[either]~~ a refund of contributions pursuant to Section 4.04 of this article or the member or the member's qualified survivors are entitled to benefits under the provisions of this article, to the extent applicable.

(2) A member who is disabled or dies while on an authorized non-uniformed leave of absence pursuant to this section may receive no pension service for any portion of the period of the leave,<sup>[;]</sup> except that if the member had, before the member's disability or death, paid for contributions while on an authorized non-uniformed leave of absence in accordance with ~~[Subsection (a) of]~~ this section, the member shall receive pension service for the leave time actually paid for at the time of the member's disability or death. The ~~[, but the]~~ member may receive no pension service for any portion of the period of leave for which contributions were ~~[have]~~ not ~~[been]~~ paid to the executive director ~~[administrator]~~ for deposit in the fund.

SECTION 27. Section 6.01, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), (d), (e), (f), (g), and (h) and adding Subsections (a-1) and (a-2) to read as follows:

Sec. 6.01. GROUP A RETIREMENT PENSION.

(a) Same as introduced version.

(a-1) Substantially the same as introduced version.

(a-2) If a Group A pensioner resumes employment with the city in a capacity other

than as a police officer or fire fighter, the pensioner's Group A retirement pension continues during the period of employment, except the pensioner is not entitled to accrue additional credit for pension service during this period. Additional credit for pension service does not accrue during any period in which a Group A pensioner becomes employed by the city unless the additional credit is attributable to active service as a police officer or fire fighter with the city.

(b) At age 58 ~~[50]~~ a Group A member [~~or former Group A member~~] is eligible to begin drawing a monthly Group A retirement pension. A monthly Group A retirement pension equals 50 percent of the base pay per month, plus 50 percent of any longevity pay the Group A member was receiving at the time the member left active service. Although the number of years used in the computation of longevity pay remains fixed at the earlier of the time a Group A member [~~or former Group A member~~ leaves active service or begins participation in DROP, the monthly rate of longevity pay used in this computation is subject to change in the event of an amendment to the state law governing longevity pay. The monthly Group A retirement pension benefits of Group A pensioners shall be adjusted from time to time in a like manner.

(c) In addition to the amount computed under Subsection (b) of this section, at age 58 ~~[50]~~, a Group A member is eligible to begin drawing an annual Group A retirement pension. An annual retirement pension equals 50 percent of the difference between the annualized amount of city service incentive pay and longevity pay. In determining city service incentive pay and longevity pay for purposes of this element of the annual Group A retirement pension only the following apply:

(1) City service incentive pay is calculated in the same manner as the city service incentive pay is calculated for members currently on active service except:

(A) the annual salary of a Group A pensioner used in calculating city service incentive pay is determined on the basis of the last city civil service rank held by the Group A pensioner when the person was on active service; however, if the rank no longer exists, its closest equivalent shall be

than as a police officer or fire fighter, the pensioner's Group A retirement pension continues during the period of employment, except the pensioner may not accrue additional credit for pension service during this period. Additional credit for pension service does not accrue during any period in which a Group A pensioner becomes employed by the city unless the additional credit is attributable to active service as a police officer or fire fighter with the city.

(b) At age 50 a Group A member [~~or former Group A member~~] is eligible to begin drawing a monthly Group A retirement pension. A monthly Group A retirement pension equals 50 percent of the base pay per month, plus 50 percent of any longevity pay the Group A member was receiving at the time the member left active service. Although the number of years used in the computation of longevity pay remains fixed at the earlier of the time a Group A member [~~or former Group A member~~ leaves active service or begins participation in DROP, the monthly rate of longevity pay used in this computation is subject to change in the event of an amendment to the state law governing longevity pay. The monthly Group A retirement pension benefits of Group A pensioners shall be adjusted from time to time in a like manner.

No equivalent provision.

determined by the board and applied; and

(B) the annual salary of a Group A pensioner as determined under Paragraph (A) of this subdivision shall be that amount in effect on the last day of September of each year the Group A pensioner's annual retirement pension is calculated.

(2) Longevity pay shall be calculated as 12 times the amount of monthly longevity pay the Group A pensioner was receiving at the time such person left active service, except that the monthly rate of longevity pay used in this computation is subject to change if an amendment to state law governing longevity pay is enacted.

(d) The element of annual retirement pension computed under Subsection (c)(1) of this section is subject to the following limitations:

(1) it shall be prorated for the year in which the pensioner begins receiving a retirement pension;

(2) it shall be payable only to those Group A pensioners who, as [a] Group A members [~~member~~] on active service, received city service incentive pay and who receive a monthly Group A retirement pension as determined under Subsection (b) of this section on the last day of September of each year; and

(3) it shall be paid to Group A pensioners as long as the city continues to pay city service incentive pay to Group A members on active service.

(4) Notwithstanding Subsections (b) and (c) of this section, a Group A member with a minimum of 20 years of pension service may apply for an actuarially reduced retirement pension to begin no earlier than when the member attains age 53 [~~45~~] but before the member attains age 58 [~~50~~]. The Group A member [~~or a former Group A member~~] who has made an application may receive a retirement pension calculated under Subsections (b) and (c) of this section reduced by two-thirds of one percent per month for each whole calendar month the benefit is payable before the month in which the Group A member [~~or former Group A member~~] attains age 58 [~~50~~].

(e) At age 62 [~~55~~] a Group A member [~~or former Group A member~~] is eligible to begin drawing a monthly retirement pension computed as follows:

(1)(A) at the rate of three percent of base

(d) The element of annual retirement pension computed under Subsection (c)(1) of this section is subject to the following limitations:

(1) it shall be prorated for the year in which the pensioner begins receiving a retirement pension;

(2) it shall be payable only to those Group A pensioners who, as [a] Group A members [~~member~~] on active service, received city service incentive pay and who receive a monthly Group A retirement pension as determined under Subsection (b) of this section on the last day of September of each year; and

(3) it shall be paid to Group A pensioners as long as the city continues to pay city service incentive pay to Group A members on active service.

(4) Notwithstanding Subsections (b) and (c) of this section, a Group A member with a minimum of 20 years of pension service may apply for an actuarially reduced retirement pension to begin no earlier than when the member attains age 45 but before the member attains age 50. The Group A member [~~or a former Group A member~~] who has made an application may receive a retirement pension calculated under Subsections (b) and (c) of this section reduced by two-thirds of one percent per month for each whole calendar month the benefit is payable before the month in which the Group A member [~~or former Group A member~~] attains age 50.

(e) At age 55 a Group A member [~~or former Group A member~~] is eligible to begin drawing a monthly retirement pension computed as follows:

(1)(A) at the rate of three percent of base

pay for each year, prorated for fractional years, of pension service, with a maximum of 32 years of pension service, or 96 percent of base pay; or

(B) if the Group A member [~~or former Group A member~~] had 34 or more years of pension service as of April 30, 1990, then the member's retirement pension is calculated at the rate calculated under the terms of the combined pension plan in effect on April 30, 1990, if the resulting amount would be greater than the amount calculated under Paragraph (A) of this subdivision; plus

(2) one-half of the longevity pay the Group A member [~~or former Group A member~~] was receiving at the time the person left active service; plus

(3) 1/24th, without subsequent adjustment, of the annualized amount of the city service incentive pay the Group A member [~~or former Group A member~~] received at the time the person left active service.

(f) [~~Notwithstanding Subsection (e) of this section, Group A pensioners payments under Subsection (e)(3) of this section are contingent on the city's continuing payment of city service incentive pay to Group A members on active service.~~] For purposes of Subsection (e) of this section, base pay and longevity pay are the amounts in effect on the earlier of the date the member begins participation in DROP or the date benefits are to begin, without subsequent adjustment.

(g) Notwithstanding Subsection (e) of this section, a Group A member [~~or former Group A member~~] with 20 or more years of pension service may apply for an actuarially reduced Group A retirement pension beginning on or after the date the Group A member [~~or former Group A member~~] attains age 58 [~~50~~] but before the person attains age 62 [~~55~~]. The Group A member [~~or former Group A member~~] may receive a retirement pension calculated under Subsection (e) of this section reduced by two-thirds of one percent per month for each whole calendar month the benefit is payable before the month in which the Group A member [~~or former Group A member~~] attains age 62 [~~55~~].

(h) Entitlement to the Group A retirement pension described by this section is subject to the following conditions:

pay for each year, prorated for fractional years, of pension service, with a maximum of 32 years of pension service, or 96 percent of base pay; or

(B) if the Group A member [~~or former Group A member~~] had 34 or more years of pension service as of April 30, 1990, then the member's retirement pension is calculated at the rate calculated under the terms of the combined pension plan in effect on April 30, 1990, if the resulting amount would be greater than the amount calculated under Paragraph (A) of this subdivision; plus

(2) one-half of the longevity pay the Group A member [~~or former Group A member~~] was receiving at the time the person left active service; plus

(3) 1/24th, without subsequent adjustment, of the annualized amount of the city service incentive pay the Group A member [~~or former Group A member~~] received at the time the person left active service.

(f) Same as introduced version.

(g) Notwithstanding Subsection (e) of this section, a Group A member [~~or former Group A member~~] with 20 or more years of pension service may apply for an actuarially reduced Group A retirement pension beginning on or after the date the Group A member [~~or former Group A member~~] attains age 50 but before the person attains age 55. The Group A member [~~or former Group A member~~] may receive a retirement pension calculated under Subsection (e) of this section reduced by two-thirds of one percent per month for each whole calendar month the benefit is payable before the month in which the Group A member [~~or former Group A member~~] attains age 55.

(h) Entitlement to the Group A retirement pension described by this section is subject to the following conditions:

- (1) written application must be filed with the executive director ~~[administrator]~~;
- (2) the grant of a Group A retirement pension by the board must be made at a meeting of the board held during the month the Group A retirement pension is to become effective, or as soon after that as administratively possible; and
- (3) the Group A member must no longer be on active service.

- (1) a written application must be filed with the executive director ~~[administrator]~~;
- (2) the grant of a Group A retirement pension by the board must be made at a meeting of the board held during the month the ~~[Group A]~~ retirement pension is to become effective, or as soon after that as administratively possible; and
- (3) the Group A member must no longer be on active service.

SECTION 28. Section 6.02, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 6.02. GROUP B RETIREMENT PENSION.

Sec. 6.02. GROUP B RETIREMENT PENSION.

(a) If a [A] Group B member ~~[or former Group B member who]~~ has accrued five or more years of pension service, is no longer on active service with the department, has not withdrawn the member's contributions, and otherwise meets the age and pension service requirements under the applicable provision of this section, the member may apply ~~[may make application]~~ for a Group B retirement pension under this section. A member's benefit election application under a provision of this section, once approved, is irrevocable.

(a) Same as introduced version.

(a-1) If a Group B pensioner returns to active service as a police officer or fire fighter with the city, the person's ~~[on reaching 50 years of age, or for an actuarially reduced]~~ Group B retirement pension ceases until that person again leaves active service with the city.

(a-1) Same as introduced version.

(a-2) If a Group B pensioner resumes employment with the city in a capacity other than as a police officer or fire fighter, the pensioner's Group B retirement pension will continue during the period of employment except the pensioner may not accrue additional credit for pension service during this period. Additional credit for pension service does not accrue during any period in which a Group B pensioner becomes employed by the city unless the additional credit is attributable to active service as a police officer or fire fighter with the city ~~[on reaching 45 years of age]~~.

(a-2) Substantially the same as introduced version.

(b) A ~~[former]~~ Group B member

(b) A ~~[former]~~ Group B member who began active service before March 1, 2011, and

who meets the requirements of Subsection (a) of this section may elect to receive a Group B retirement pension that shall be calculated as follows:

(1) for a member who began active service before March 1, 2011, and who has attained at least 58 years of age, the member's retirement pension shall be the sum of:

(A) the number of years of pension service before September 1, 2017, prorated for fractional years, times three percent of the average computation pay determined over the 36 consecutive months of pension service in which the Group B member received the highest computation pay; plus  
(B) the number of years of pension service on or after September 1, 2017, prorated for fractional years, times 2.5 percent of the average computation pay determined over the 60 consecutive months of pension service in which the Group B member received the highest computation pay; or

(2) for a member who began active service on or after March 1, 2011, and who has attained at least 58 years of age, the member's retirement pension shall be the number of years of pension service, prorated for fractional years, times the applicable percentage prescribed by Subsection (b-1) of this section of the average computation pay determined over the 60 consecutive months of pension service in which the member received the highest computation pay.

(b-1) For purposes of Subsection (b)(2) of this section, the applicable percentage is based on the age of the Group B member when the member's retirement pension begins as set forth below:

Age of Member When Retirement Pension Begins - Percent  
53 2.0%  
54 2.1%  
55 2.2%  
56 2.3%  
57 2.4%  
58 and older 2.5%

(b-2) Days during which a member earned no pension service due to a termination of

who has attained at least 50 years of age, or who began active service on or after March 1, 2011, and has attained at least 58 years of age, and who otherwise meets the requirements of Subsection (a) of this section may elect to receive a Group B retirement pension that shall be calculated as follows:

(1) for a member who began active service before March 1, 2011, the member's retirement pension shall be the sum of:

(A) the number of years of pension service before September 1, 2017, prorated for fractional years, times three percent of the average computation pay determined over the 36 consecutive months of pension service in which the Group B member received the highest computation pay; plus  
(B) the number of years of pension service on or after September 1, 2017, prorated for fractional years, times the applicable percentage prescribed by Subsection (b-1) of this section of the average computation pay determined over the 60 consecutive months of pension service in which the Group B member received the highest computation pay; or

(2) for a member who began active service on or after March 1, 2011, the member's retirement pension shall be the number of years of pension service, prorated for fractional years, times 2.5 percent of the average computation pay determined over the 60 consecutive months of pension service in which the member received the highest computation pay.

(b-1) For purposes of Subsection (b)(1)(B) of this section, the applicable percentage is based on the age of the Group B member when the member's retirement pension begins as set forth below:

Age of Member When Retirement Pension Begins - Percent  
58 and older 2.5%  
57 2.4%  
56 2.3%  
55 2.2%  
54 2.1%  
53 and younger 2.0%

(b-2) Days during which the member earned no pension service due to a

active service or otherwise must be disregarded in determining either the 36 or 60 consecutive months of highest computation pay under Subsection (b)(1) or (2) of this section, as appropriate. The pension benefit calculated under Subsection (b) of this section may not exceed the greater of:

(1) 90 percent of the member's average computation pay determined under that subsection; or

(2) the vested and accrued benefit of a member as determined on August 31, 2017. [or Group B pensioner who withdrew any of the person's Plan B or Group B contributions and who on again becoming a Group B member does not replace such previously withdrawn contributions with interest thereon as provided by Section 4.04 of this article must earn at least five years of pension service after the time the person returns to active service to be eligible for a Group B retirement pension.]

(c) Except as provided by Subsection (c-2) of this section, [Entitlement to] a Group B member who meets the requirements of Subsection (a) of this section

may elect to receive an actuarially reduced Group B retirement pension calculated in accordance with Subsection (c-1) of this section:

(1) not earlier than the member's 53rd birthday; and

(2) not later than member's 58th birthday.

(c-1) Except as provided by Subsection (c-2) of this section, a Group B member who applies for an actuarially reduced Group B retirement pension under Subsection (c) of this section shall receive a pension calculated under Subsection (b) of this section, reduced by two-thirds of one percent per month, for each whole calendar month the pension would be payable before the month in which the member attains

termination of active service or otherwise must be disregarded in determining the 36 or 60 consecutive months of highest computation pay under Subsection (b)(1) or (2) of this section, as appropriate. The pension benefit calculated under Subsection (b) of this section may not exceed the greater of:

(1) 90 percent of the member's average computation pay determined under the applicable subsection; or

(2) the vested and accrued benefit of a member as determined on August 31, 2017. [or Group B pensioner who withdrew any of the person's Plan B or Group B contributions and who on again becoming a Group B member does not replace such previously withdrawn contributions with interest thereon as provided by Section 4.04 of this article must earn at least five years of pension service after the time the person returns to active service to be eligible for a Group B retirement pension.]

(c) Except as provided by Subsection (c-2) of this section, [Entitlement to] a Group B member who has either attained at least 45 years of age on September 1, 2017, or who attains at least 53 years of age after September 1, 2017, and who otherwise meets the requirements of Subsection (a) of this section may elect to receive an actuarially reduced Group B retirement pension calculated in accordance with Subsection (c-1) of this section:

(1) not earlier than the member's 45th or 53rd birthday, as applicable; and

(2) not later than the member's 50th or 58th birthday, as applicable.

(c-1) Except as provided by Subsection (c-2) of this section and subject to Section 6.021 of this article, a Group B member who applies for an actuarially reduced Group B retirement pension under Subsection (c) of this section shall receive a pension calculated under Subsection (b) of this section, reduced by two-thirds of one percent per month, for each whole calendar month the benefit is payable before the month in which the member attains:

(1) for members who attained at least 45 years of age on September 1, 2017, 50 years of age; or

(2) for members not described by Subdivision (1) of this subsection who attain at least 53 years of age after September 1,

58 years of age.

(c-2) If, for purposes of Subsection (c-1) of this section, a Group B member's pension benefit calculated under Subsection (b) is equal to 90 percent of the member's average computation pay, the member is entitled to a Group B retirement pension under Subsection (c) of this section at 53 years of age that is not actuarially reduced as provided under Subsection (c-1) of this section

~~[retirement pension as described by Subsection (a) or (b) of this section is subject to the following conditions:~~

~~[(1) written application must be filed with the administrator;~~

~~[(2) the grant of the Group B retirement pension by the board must be made at a meeting of the board held during the month the Group B retirement pension is to become effective, or as soon after that as possible; and~~

~~[(3) the Group B member may no longer be on active service].~~

(d) Except as provided by Subsection (d-2) of this section, a [A] Group B member who has accrued 20 or more years of pension service and has been on active service at any time on or after January 1, 1999, may elect to apply for a Group B retirement pension beginning at any time after the Group B member leaves active service, regardless of age. A Group B member may elect a Group B retirement pension under this subsection as follows:

(1) if the member accrued 20 or more years of pension service on or before September 1, 2017, the member may elect a pension under this subsection that is computed in the same manner as the Group B retirement pension under Subsection (b) of this section except that: (A) the percentage set forth below must be used instead of the three percent multiplier specified in Subsection (b)(1)(A) of this section:

Age of Member When Retirement Pension Begins - Percent

51 and 52 2.75%

50 2.5%

49 2.25%

48 and younger 2%; and

(B) the percentage set forth below must be used instead of the 2.5 percent multiplier prescribed by Subsection (b)(1)(B) of this section:

2017, 58 years of age.

(c-2) If, for purposes of Subsection (c-1) of this section, a Group B member's pension benefit calculated under Subsection (b) of this section is equal to 90 percent of the member's average computation pay, the member is entitled to a Group B retirement pension under Subsection (c) of this section at 45 or 53 years of age, as applicable, that is not actuarially reduced as provided under Subsection (c-1) of this section

~~[retirement pension as described by Subsection (a) or (b) of this section is subject to the following conditions:~~

~~[(1) written application must be filed with the administrator;~~

~~[(2) the grant of the Group B retirement pension by the board must be made at a meeting of the board held during the month the Group B retirement pension is to become effective, or as soon after that as possible; and~~

~~[(3) the Group B member may no longer be on active service].~~

(d) Except as provided by Subsection (d-2) of this section, a [A] Group B member who has accrued 20 or more years of pension service and has been on active service at any time on or after January 1, 1999, may elect to apply for a Group B retirement pension beginning at any time after the Group B member leaves active service, regardless of age. A Group B member may elect a Group B retirement pension under this subsection as follows:

(1) if the member accrued 20 or more years of pension service on or before September 1, 2017, the member may elect a pension under this subsection that is computed in the same manner as the Group B retirement pension under Subsection (b)(1) of this section except that the percentage set forth below must be used instead of the three percent multiplier prescribed by Subsection (b)(1)(A) of this section:

Age of Member When Retirement Pension Begins - Percent

48 and 49 2.75%

47 2.5%

46 2.25%

45 and younger 2%; and

Age of Member When Retirement Pension Begins Percent

57 2.4%

56 2.3%

55 2.2%

54 2.1%

53 and younger 2.0%; or

(2) except as provided by Subsection (d-2) of this section, if the member accrued 20 or more years of pension service after September 1, 2017, the member may elect a pension under this subsection computed in the same manner as the Group B retirement pension under Subsection (b)(2) of this section except that the percentage set forth below must be used instead of the multiplier prescribed under Subsection (b-1) of this section:

Age of Member When Retirement Pension Begins Percent

53 1.9%

54 2.0%

55 2.1%

56 2.2%

57 2.3%

58 and older 2.4%

(d-1) A member who elects a pension under Subsection (d) of this section is not entitled to:

(1) minimum benefits under either Section 6.10A or 6.11 of this article; or

(2) benefits under Subsection (g) of this section.

(d-2) If, for purposes of Subsection (d) of this section, a Group B member's pension benefit calculated under Subsection (b) of this section is equal to 90 percent of the member's average computation pay, the member is entitled to a Group B retirement pension under Subsection (d) of this section that is not reduced as provided under Subsection (d)(1) or (2) of this section [~~retirement pension shall be computed at the rate of three percent of the average computation pay determined over the 60 consecutive months in which the Group B member received the highest computation pay, multiplied by the number of years, prorated for fractional years, of pension service to a maximum of 32 years of pension service or 96 percent of the computation pay as determined under this subsection].~~

(e) A [~~However, a~~] Group B member or

(2) except as provided by Subsection (d-2) of this section and subject to Section 6.021 of this article, if the member accrued 20 or more years of pension service after September 1, 2017, the member may elect a pension under this subsection computed in the same manner as the Group B retirement pension under Subsection (b)(2) of this section except that the percentage set forth below must be used instead of the 2.5 percent multiplier prescribed by Subsection (b)(2) of this section:

Age of Member When Retirement Pension Begins Percent

57 2.4%

56 2.3%

55 2.2%

54 2.1%

53 and younger 2.0%

(d-1) Same as introduced version.

(d-2) Same as introduced version.

(e) A [~~However, a~~] Group B member or

former Group B member with 34 or more years of pension service as of April 30, 1990, shall receive the greater of a Group B retirement pension calculated under the terms of Plan B as in effect on that date or a Group B retirement pension calculated pursuant to Subsection (b) [(d)] of this section.

~~[(f) A Group B member, or any former Group B member who was a Group B member as of any date after April 30, 1990, may apply for an actuarially reduced Group B retirement pension beginning no earlier than the person's 45th birthday but before the person's 50th birthday. A Group B member or former Group B member who applies for an actuarially reduced Group B retirement pension beginning on or after the person's 45th birthday shall receive a pension calculated under Subsection (d) of this section, reduced by two thirds of one percent per month for each whole calendar month the pension would be payable before the month in which the Group B member or former Group B member attains age 50.]~~

(g) In no event may any Group B member [or former Group B member] who was at any time a Group A member or a contributing member of the old plan or Plan A, and who satisfied the applicable age and length-of-service requirements of the applicable plan at the time the person left active service, receive a retirement pension in an amount less than the amount the person would be entitled to receive as a Group A member.

(h) Notwithstanding any other provision of this section, a [A former] Group B member who was not a Group B member on or after January 1, 1993 [May 1, 1990], shall receive a retirement pension calculated under the applicable provisions of Plan B [this plan] as that plan existed [in effect] on the date the member terminated [person left] active service.

(i) Entitlement to a Group B retirement pension under Subsection (b), (c), (d), or (e) of this section is subject to the following conditions:

(1) a written application must be filed with the executive director; and

(2) the grant of the Group B retirement pension by the board must be made at a meeting of the board held during the month

former Group B member with 34 or more years of pension service as of April 30, 1990, is entitled to [shall] receive the greater of a Group B retirement pension calculated under the terms of Plan B as in effect on that date or a Group B retirement pension calculated pursuant to Subsection (b) [(d)] of this section.

[(f)] Same as introduced version.

(g) Same as introduced version.

(h) Same as introduced version.

(i) Entitlement to a Group B retirement pension under Subsection (b), (c), (d), or (e) of this section is subject to the following conditions:

(1) a written application must be filed with the executive director;

(2) the grant of the Group B retirement pension by the board must be made at a meeting of the board held during the month

~~the retirement pension is to become effective, or as soon after as administratively possible [A former Group B member who was not a Group B member after April 30, 1990, may request an actuarially reduced retirement pension beginning no earlier than the person's 45th birthday but before the person's 50th birthday]. [A former Group B member described by this subsection shall receive a retirement pension under the applicable provisions of Plan B as in effect on the date the person left active service, reduced by two thirds of one percent per month for each whole calendar month the pension would be payable before the month in which the former Group B member attains age 50.]~~

No equivalent provision.

~~the retirement pension is to become effective, or as soon after as administratively possible; and~~  
~~(3) the Group B member may no longer be on active service [A former Group B member who was not a Group B member after April 30, 1990, may request an actuarially reduced retirement pension beginning no earlier than the person's 45th birthday but before the person's 50th birthday]. [A former Group B member described by this subsection shall receive a retirement pension under the applicable provisions of Plan B as in effect on the date the person left active service, reduced by two thirds of one percent per month for each whole calendar month the pension would be payable before the month in which the former Group B member attains age 50.]~~

SECTION 29. Part 6, Article 6243a-1, Revised Statutes, is amended by adding Sections 6.021 and 6.022 to read as follows:  
Sec. 6.021. AUTHORITY TO ADOPT ALTERNATIVE MULTIPLIERS FOR COMPUTATION OF CERTAIN GROUP B BENEFITS. (a) For purposes of Section 6.02(c-1) or (d)(2) of this article, the board by rule may adopt alternative multipliers, including an alternative table prescribing actuarially appropriate multipliers. In adopting rules under this subsection, the board shall designate the date on which the alternative multiplier shall take effect.  
(b) Copies of any alternative multipliers adopted under this section must be maintained at the principal office of the pension system and published on the pension system's publicly available Internet website.  
Sec. 6.022. AUTHORITY TO REDUCE RETIREMENT AGE. Notwithstanding any other law, the board may reduce the age at which a Group B member is eligible to begin receiving a retirement pension, including an actuarially reduced retirement pension, under Section 6.02 of this article if the board determines that the reduction will not cause the amortization period of the unfunded actuarial accrued liability of the pension system to exceed 25 years, after taking into account the impact of the reduction. A board action under this section may not take effect until the State Pension Review Board reviews the board's

SECTION 27. Section 6.03, Article 6243a-1, Revised Statutes, is amended.

SECTION 28. Part 6, Article 6243a-1, Revised Statutes, is amended.

SECTION 29. Section 6.04, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 6.04. CALCULATION OF REGULAR [GROUP—A] DISABILITY BENEFITS [PENSION].

(a) Subject to Subsection (g) of this section, if [H] a Group A member's application for a Group A disability pension has been approved by the board pursuant to Section 6.03 of this article, including any procedures adopted under that section, the Group A member may elect to receive a Group A disability pension calculated:

(1) in the same manner as the benefit under Sections 6.01(b) and (c) of this article; or  
(2) under Subsection (c) [(b)] of this section.

(b) An election under Subsection (a) of this section, once approved by the board [made], is irrevocable.

~~[(b) When a Group A member elects to accept a Group A disability pension under this section, it shall be calculated as provided by Subsections (c), (d), and (e) of this section.]~~

(c) Subject to Subsection (g) of this section, [H] a Group A [member's disability results during the performance of duties with either department, the] member who elects to have benefits determined under this subsection is entitled to a monthly disability pension calculated as follows:

(1) at a rate of three percent of base pay for each year, prorated for fractional years, of pension service, with a [minimum of 20 years of pension service being deemed credited and a] maximum of 32 years of pension service being credited, or 96 percent of base pay [or], except that if the Group A member had 34 or more years of pension service as of April 30, 1990 [May 1, 1990], the member shall receive the greater of a disability pension calculated under the terms of the combined pension plan in effect on that date or as calculated under this

determination described by this section.

SECTION 30. Same as introduced version.

SECTION 31. Substantially the same as introduced version.

SECTION 32. Section 6.04, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 6.04. CALCULATION OF REGULAR [GROUP—A] DISABILITY BENEFITS [PENSION].

(a) Same as introduced version.

(b) Same as introduced version.

(c) Subject to Subsection (g) of this section, [H] a Group A [member's disability results during the performance of duties with either department, the] member who elects to have benefits determined under this subsection is entitled to a monthly disability pension calculated as follows:

(1) at a rate of three percent of base pay for each year, prorated for fractional years, of pension service, with a [minimum of 20 years of pension service being deemed credited and a] maximum of 32 years of pension service being credited, or 96 percent of base pay [or], except that if the Group A member had 34 or more years of pension service as of April 30, 1990 [May 1, 1990], the member is entitled to [shall] receive the greater of a disability pension calculated under the terms of the combined pension plan in effect on that date or as calculated

subdivision; plus

(2) one-half of the longevity pay the Group A member was receiving at the time the member left active service; plus

(3) subject to Subsection (d) of this section, 1/24th[~~without subsequent adjustment,~~] of the annualized amount of city service incentive pay the Group A member received at the time the member left active service.

(c-1) The disability pension calculated under Subsection (c) of this section may not exceed the greater of:

(1) 90 percent of the member's average base pay determined under the subsection; or

(2) the vested and accrued disability pension of the member as determined on August 31, 2017.

(d) Payments of the amounts described by [Notwithstanding Subsection (e) of this section, the amount of a disability retirement benefit of a Group A pensioner who is on disability retirement under] Subsection (c)(3) of this section are are [is] contingent on the city's continuing payment of city service incentive pay to Group A members on active service. [For purposes of this subsection, base pay and longevity pay are the amounts in effect on the date the benefits are to begin, without subsequent adjustment.]

(e) If a Group B [A] member's application for a Group B disability pension has been approved by the board under Section 6.03 of this article, including any procedures adopted under that section, the Group B member may elect to receive a Group B disability pension calculated in the manner described by Subsection (f) or (f-1) of this section, subject to Subsection (g) of this section [disability does not result during the performance of the member's duties with either department, the member is entitled to a monthly disability pension calculated:

[(1) at a rate of three percent of base pay for each year, prorated for fractional years, of pension service, with a maximum of 32 years of pension service, or 96 percent of base pay, except that if the Group A member had 34 or more years of pension service as of April 30, 1990, the member shall receive the greater of a disability pension calculated under the combined pension plan in effect on that date or as

under this subdivision; plus

(2) one-half of the longevity pay the Group A member was receiving at the time the member left active service; plus

(3) subject to Subsection (d) of this section, 1/24th[~~without subsequent adjustment,~~] of the annualized amount of city service incentive pay the Group A member received at the time the member left active service.

(c-1) The disability pension calculated under Subsection (c) of this section may not exceed the greater of:

(1) 90 percent of the member's average base pay determined under the applicable subsection; or

(2) the vested and accrued disability pension of the member as determined on August 31, 2017.

(d) Same as introduced version.

(e) Same as introduced version.

~~calculated under this subdivision; plus  
[(2) one half of the longevity pay the Group A member was receiving at the time the member left active service; plus  
[(3) 1/24th of the annualized amount of city service incentive pay the Group A member received at the time the member left active service, without regard to any subsequent adjustment].~~

(f) Subject to Subsections (f-1), (f-3), and (g) of this section, the disability pension of a Group B member shall be calculated as follows:

(1) for a member who began active service before March 1, 2011, the member's disability pension shall be the sum of:

(A) the member's number of years of pension service earned before September 1, 2017, prorated for fractional years, times three percent of the average computation pay determined over the 36 consecutive months of pension service in which the Group B member received the highest computation pay; plus

(B) the number of years of pension service, including pension service credit imputed under Section 6.05(b-1) of this article, earned on or after September 1, 2017, prorated for fractional years, times 2.5 percent of the average computation pay determined over the 60 consecutive months of pension service in which the Group B member received the highest computation; or

(2) for a member who began active service on or after March 1, 2011, the member's disability pension shall be the number of years of pension service, including pension service credit imputed under Section 6.05(b-1) of this article, prorated for fractional years, times the applicable percentage prescribed by Section 6.02(b-1) of this article of the average computation pay determined over the 60 consecutive months of pension service in which the member received the highest computation pay.

(f-1) Notwithstanding Subsection (f) of this section, for a Group B member who had 34 or more years of pension service as of April 30, 1990, the member is entitled to receive the greater of a disability pension calculated under the terms of Plan B in effect on April 30, 1990, or calculated under Subsection (f) of this section.

(f) Subject to Subsections (f-1), (f-3), and (g) of this section, the disability pension of a Group B member shall be calculated as follows:

(1) for a member who began active service before March 1, 2011, the member's disability pension shall be the sum of:

(A) the member's number of years of pension service earned before September 1, 2017, prorated for fractional years, times three percent of the average computation pay determined over the 36 consecutive months of pension service in which the member received the highest computation pay; plus

(B) the number of years of pension service, including pension service credit imputed under Section 6.05(c) of this article, earned on or after September 1, 2017, prorated for fractional years, times the applicable percentage prescribed by Section 6.02(b-1) of this article of the average computation pay determined over the 60 consecutive months of pension service in which the member received the highest computation pay; or

(2) for a member who began active service on or after March 1, 2011, the member's disability pension shall be the number of years of pension service, including pension service credit imputed under Section 6.05(c) of this article, prorated for fractional years, times 2.5 percent of the average computation pay determined over the 60 consecutive months of pension service in which the member received the highest computation pay.

(f-1) Same as introduced version.

(f-2) For purposes of Subsections (f) and (f-1) of this section:

(1) any partial year of pension service for a Group B member's first 20 years of pension service must be counted as a full year of pension service, if the member was considered by the member's department to have worked a normal full-time schedule at the time of the disability;

(2) if the member has less than 36 or 60 consecutive months of pension service, as applicable, the member's average computation pay will be computed based on the member's entire pension service; and

(3) days during which the member earned no pension service due to a termination of active service or otherwise must be disregarded in determining the 36 or 60 consecutive months of highest computation pay.

(f-3) The disability pension calculated under Subsection (f) or (f-1) of this section may not exceed the greater of:

(1) 90 percent of the member's average computation pay determined under the applicable subsection; or

(2) the vested and accrued disability pension of the member as determined on August 31, 2017 [~~Payments of the amounts described by Subsection (e)(3) of this section are contingent on the city's continuing payment of city service incentive pay to Group A members on active service].~~

(g) The disability pension calculated in accordance with this section, including both a Group A benefit described by Subsection (a) of this section and a Group B benefit described by Subsection (f) of this section, shall be reduced dollar-for-dollar by any monthly disability compensation benefit received under Section 6.05 of this article. If the monthly disability compensation benefit provided to a member under Section 6.05 of this article equals or exceeds any benefit the member is entitled to under this article, the member may not receive the benefit under this section [~~For purposes of Subsection (e)(3) of this section, base pay and longevity pay are the amounts in effect on the date the benefits are to begin, without subsequent adjustment].~~

(f-2) For purposes of Subsections (f) and (f-1) of this section:

(1) any partial year of pension service for a Group B member's first 20 years of pension service is counted as a full year of pension service, if the member was considered by the member's department to have worked a normal full-time schedule at the time of the disability;

(2) if the member has less than 36 or 60 consecutive months of pension service, as applicable, the member's average computation pay will be computed based on the member's entire pension service; and

(3) days during which the member earned no pension service due to a termination of active service or otherwise must be disregarded in determining the 36 or 60 consecutive months of highest computation pay.

(f-3) Same as introduced version.

(g) The disability pension calculated in accordance with this section, including both a Group A benefit described by Subsection (a) of this section and a Group B benefit described by Subsection (f) of this section, shall be reduced dollar-for-dollar by any monthly disability compensation benefit received under Section 6.05 of this article. If the monthly disability compensation benefit provided to a member under Section 6.05 of this article equals or exceeds any benefit the member is entitled to under this section or Section 6.01(b) or (c) of this article, the member may not receive the benefit under this section [~~For purposes of Subsection (e)(3) of this section, base pay and longevity pay are the amounts in effect on the date the benefits are to begin, without subsequent adjustment].~~

SECTION 30. The heading to Section 6.05, Article 6243a-1, Revised Statutes, is amended.

SECTION 31. Section 6.05, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), and (c) and adding Subsection (b-1) to read as follows:

(a) If a member leaves active service at any time due to disability and the board determines that the disability was caused by an injury or sickness incurred in the performance of the member's duties with the member's department, the member is entitled to periodic disability compensation benefits in accordance with this section [~~Group B member's application for a Group B disability pension has been approved by the board pursuant to Section 6.03 of this article, including any procedures adopted under that section, the Group B member may, depending on the circumstances, elect to receive a Group B disability pension calculated in the manner described by Subsection (b) or (c) of this section~~].

(b) Subject to Subsection (b-1), [H] a Group A [B] member whose disability, as determined by the board, was caused by an injury or sickness incurred in the performance of the member's duty shall receive a monthly benefit equal to 60 percent of the member's base pay. For purposes of this subsection, "base pay" is the amount in effect on the date compensation benefits under this section are to begin, without subsequent adjustment.

(b-1) Instead of receiving a periodic disability compensation benefit under Subsection (b) of this section, a Group A member who is entitled to periodic disability compensation under this section may elect, before the benefits begin, to receive those benefits as a monthly benefit equal to 50 percent of the member's base pay adjusted from time to time to reflect changes in base pay that occur after the member began receiving a monthly compensation benefit under this section [~~becomes disabled during the performance of the member's duties with either department, the member is entitled to a monthly disability pension calculated at a~~

SECTION 33. Same as introduced version.

SECTION 34. Section 6.05, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), and (c) and adding Subsection (b-1) to read as follows:

(a) If a member leaves active service at any time due to disability and the board determines that the member with the disability became unable to perform the member's duties with the member's department due to an injury or sickness incurred in the performance of the member's duties, the member is entitled to periodic disability compensation benefits in accordance with this section [~~Group B member's application for a Group B disability pension has been approved by the board pursuant to Section 6.03 of this article, including any procedures adopted under that section, the Group B member may, depending on the circumstances, elect to receive a Group B disability pension calculated in the manner described by Subsection (b) or (c) of this section~~].

(b) Same as introduced version.

(b-1) Instead of receiving a periodic disability compensation benefit under Subsection (b) of this section, a Group A member who is entitled to periodic disability compensation benefits under this section may elect, before the benefits begin, to receive those benefits as a monthly benefit equal to 50 percent of the member's base pay adjusted from time to time to reflect changes in base pay that occur after the member began receiving a monthly compensation benefit under this section [~~becomes disabled during the performance of the member's duties with either department, the member is entitled to a monthly disability pension calculated at a~~

~~rate of three percent of the average computation pay determined over the 60 consecutive months in which the Group B member received the member's highest computation pay multiplied by the number of years, prorated for fractional years, of the member's pension service with a minimum of 20 years of pension service being deemed credited, or 60 percent of average computation pay determined over the 60 consecutive months in which the Group B member received the member's highest computation pay, except that if the Group B member has less than five years of pension service, the Group B member's average computation pay will be computed based on the member's entire pension service. If a Group B member had 34 or more years of pension service as of April 30, 1990, the Group B member is entitled to receive the greater of a Group B disability pension calculated under the terms of Plan B in effect on that date or calculated pursuant to this subsection].~~

~~(c) A [The Group B disability pension for any] Group B member whose disability, as determined by the board, was caused by an injury or sickness incurred in the performance of the member's duty shall receive a monthly benefit equal to the disability pension under Sections 6.04(f), (f-1), (f-2), and (f-3) of this article except that if the member:~~

~~(1) does not have 20 years of pension service, the member is considered to have 20 years of pension service for the purposes of calculating the disability pension under that section; and~~

~~(2) has less than 36 or 60 months, as applicable, of employment with the department, average computation pay will be computed based on all the member's computation pay, and days during which the member earned no pension service due to a termination of active service or otherwise, shall be disregarded in determining either the 36 or 60 consecutive months of highest computation pay [does not result during the performance of the member's duties with either department shall be computed at a rate of three percent of the average computation pay determined over the 60 consecutive months in which the Group B member received the member's highest computation pay multiplied by the number~~

~~rate of three percent of the average computation pay determined over the 60 consecutive months in which the Group B member received the member's highest computation pay multiplied by the number of years, prorated for fractional years, of the member's pension service with a minimum of 20 years of pension service being deemed credited, or 60 percent of average computation pay determined over the 60 consecutive months in which the Group B member received the member's highest computation pay, except that if the Group B member has less than five years of pension service, the Group B member's average computation pay will be computed based on the member's entire pension service. If a Group B member had 34 or more years of pension service as of April 30, 1990, the Group B member is entitled to receive the greater of a Group B disability pension calculated under the terms of Plan B in effect on that date or calculated pursuant to this subsection].~~

~~(c) A [The Group B disability pension for any] Group B member whose disability, as determined by the board, was caused by an injury or sickness incurred in the performance of the member's duty shall receive a monthly benefit equal to the disability pension under Sections 6.04(f), (f-1), (f-2), and (f-3) of this article except that if the member:~~

~~(1) does not have 20 years of pension service, the member is considered to have 20 years of pension service for the purposes of calculating the disability pension under that section; and~~

~~(2) has less than 36 or 60 consecutive months, as applicable, of employment with the department, the member's average computation pay will be computed based on all the member's computation pay, and days during which the member earned no pension service due to a termination of active service or otherwise must be disregarded in determining either the 36 or 60 consecutive months of highest computation pay [does not result during the performance of the member's duties with either department shall be computed at a rate of three percent of the average computation pay determined over the 60 consecutive months in which the Group B member received the member's highest computation pay multiplied by the~~

~~of years, prorated for fractional years, of the member's pension service, except that any partial year of pension service for the first 20 years of pension service shall be counted as a full year of pension service. If the Group B member has less than five years of pension service, the Group B member's average computation pay will be computed based on the member's entire pension service, and if a Group B member had 34 or more years of pension service as of April 30, 1990, the Group B member is entitled to receive the greater of a disability pension calculated under the terms of Plan B in effect on that date or calculated pursuant to this subsection].~~

SECTION 32. Section 6.05(d), Article 6243a-1, Revised Statutes, is transferred to Part 6, Article 6243a-1, Revised Statutes, redesignated as Section 6.055, Article 6243a-1, Revised Statutes, and amended to read as follows:

Sec. 6.055. REDUCTION IN DISABILITY OR COMPENSATION BENEFITS FOR CERTAIN PERSONS.

(a) In this section, "earned income" means income earned by a Group B pensioner in the form of wages, salaries, commissions, fees, tips, unemployment benefits, and other amounts received by virtue of employment or self-employment but paid before any deduction for taxes or insurance. In addition, earned income also includes those amounts contributed on a before-tax basis to any retirement plan or employee health and welfare benefit plan.

(b) ~~(d)~~ The board shall require any Group B pensioner who became a member of Plan B or the combined pension plan on or after May 1, 1990, and who is receiving a Group B disability pension under Section 6.04 of this article or a periodic disability compensation under Section 6.05 of this article [in accordance with Subsection (b) or (c) of this section] to provide the board annually, on or before July 1 [May 1] of each year, with a true and complete copy of those portions of the person's federal and, if applicable, state tax return, including appropriate schedules, for the previous calendar year that indicate the person's occupations, if any, and earned income for the previous calendar year. If the pensioner

~~number of years, prorated for fractional years, of the member's pension service, except that any partial year of pension service for the first 20 years of pension service shall be counted as a full year of pension service. If the Group B member has less than five years of pension service, the Group B member's average computation pay will be computed based on the member's entire pension service, and if a Group B member had 34 or more years of pension service as of April 30, 1990, the Group B member is entitled to receive the greater of a disability pension calculated under the terms of Plan B in effect on that date or calculated pursuant to this subsection].~~

SECTION 35. Section 6.05(d), Article 6243a-1, Revised Statutes, is redesignated as Section 6.055, Article 6243a-1, Revised Statutes, and amended to read as follows:

Sec. 6.055. REDUCTION IN DISABILITY OR COMPENSATION BENEFITS FOR CERTAIN PERSONS.

(a) Same as introduced version.

(b) ~~(d)~~ Same as introduced version.

did not file a tax return for the previous calendar year, the board may require other documentation reflecting the pensioner's occupation or earned income that the board determines appropriate.

(c) The pension system [However, the board] may waive the July 1 [May 1] date under Subsection (b) of this section in lieu of one later in the same calendar year if the Group B pensioner provides the board with a true and complete copy of a grant of an extension of time for the filing of the person's tax return from the appropriate governmental agency or a true and complete copy of an extension request that results in any automatic extension.

(d) If, after evaluating the information received under Subsection (a) of this section, the pension system finds the Group B pensioner is or has been receiving earned income from one or more employments, including self-employment, during the preceding year, the board shall reduce future disability pension payments to the Group B pensioner in accordance with the following formula: \$1 for each \$1 that the sum of "a" + "b" is greater than "c," where "a" is the earned income of the Group B pensioner attributable to the previous calendar year from the person's employments, "b" is the total amount of Group B disability pension received by the Group B pensioner the previous calendar year, and "c" is the annualized amount of the average computation pay the Group B pensioner received as of the date the person left active service.

(e) For purposes of the [this] computation under Subsection (d) of this section, the average computation pay shall be deemed increased at the adjustment [a] rate prescribed by Section 6.12 of this article [of four percent simple interest], if any, without compounding during the year, as of each January 1 that the Group B pensioner receives a Group B disability pension and periodic disability benefit.

SECTION 33. Section 6.06, Article 6243a-1, Revised Statutes, is amended by amending Subsections (b), (e), (f), (g), (h), (j), (k), (l), (m), (n), (o), (p), (q), (r), and (t) and adding Subsections (e-1), (e-2), (j-1), (o-1), (o-2), (u), and (v) to read as follows:

(c) Same as introduced version.

(d) If, after evaluating the information received under Subsection (b) of this section, the board finds the Group B pensioner is or has been receiving earned income from one or more employments, including self-employment, during the preceding year, the board shall reduce future disability retirement [pension] payments to the Group B pensioner in accordance with the following formula: \$1 for each \$1 that the sum of "a" + "b" is greater than "c," where "a" is the earned income of the Group B pensioner attributable to the previous calendar year from the person's employments, "b" is the total amount of Group B disability retirement payments [pension] received by the Group B pensioner the previous calendar year, and "c" is the annualized amount of the average computation pay the Group B pensioner received as of the date the person left active service.

(e) For purposes of the [this] computation under Subsection (d) of this section, the average computation pay shall be deemed increased at a rate of 2.75 percent [of four percent simple interest], without compounding during the year, as of each January 1 that the Group B pensioner receives a Group B disability retirement payment [pension].

SECTION 36. Section 6.06, Article 6243a-1, Revised Statutes, is amended by amending Subsections (b), (e), (f), (g), (h), (j), (k), (l), (m), (n), (o), (p), (q), (r), and (t) and adding Subsections (e-1), (e-2), (j-1), (o-1), (o-2), (u), and (v) to read as follows:

(b) A written application for benefits must be filed with the executive director ~~[administrator]~~.

(e) If ~~[the qualified]~~ surviving children of a primary party are not qualified survivors entitled to death benefits, the ~~[qualified surviving]~~ spouse of the primary party who is a qualified survivor is entitled only to receive a share of the death benefits in the amount calculated under Section 6.07(a) ~~[or (b)]~~ or Section 6.08(b)(1), (c)(1), (d)(1), or (e)(1) of this article, whichever is applicable, and is not entitled to what otherwise would be the ~~[qualified]~~ surviving children's share.

(e-1) If a primary party had ~~[there is]~~ no ~~[qualifying]~~ surviving spouse, any ~~[qualified]~~ surviving child who is a qualified survivor ~~[children]~~ shall receive only the amount calculated under Section 6.07(a) ~~[or (b)]~~ or Section 6.08(b)(2), (c)(2), (d)(2), or (e)(2) of this article, whichever is applicable, and is ~~[are]~~ not entitled to what otherwise would be the ~~[qualified surviving]~~ spouse's share.

(e-2) If a primary party does not have a ~~[there is no qualified surviving]~~ spouse or ~~[qualified surviving]~~ children who are qualified survivors, any ~~[qualified]~~ dependent parent of the primary party who is a qualified survivor shall receive only the amount calculated under Section 6.07(c) or Section 6.08(b)(3), (d)(3), or (e)(3) of this article, whichever is applicable, and is not entitled to what otherwise would be the ~~[qualified surviving]~~ spouse's or ~~[qualified surviving]~~ children's share.

(f) The total monthly death benefits ~~[benefit]~~ received by the qualified survivors of a primary party under this article, including the primary party's ~~[surviving]~~ spouse, ~~[qualified surviving]~~ children, or ~~[qualified]~~ dependent parents, ~~[parent]~~ may not exceed the pension to which the deceased primary party was entitled per month.

(g) If there is no surviving spouse or legal guardian for the ~~[qualified]~~ surviving children of a primary party and if the board determines that the ~~[qualified]~~ surviving children lack the discretion to handle money, or in other appropriate circumstances, notwithstanding any other

(b) Same as introduced version.

(e) Same as introduced version.

(e-1) If a primary party had ~~[there is]~~ no ~~[qualifying]~~ surviving spouse, any ~~[qualified]~~ surviving child who is a qualified survivor ~~[children]~~ shall receive only the amount calculated under Section 6.07(a) ~~[or (b)]~~ or Section 6.08(b)(2), (c)(2), (d)(2), or (e)(2) of this article, whichever is applicable, and is ~~[are]~~ not entitled to what otherwise would be the ~~[qualified]~~ surviving spouse's share.

(e-2) If a primary party does not have a ~~[there is no qualified surviving]~~ spouse or ~~[qualified surviving]~~ children who are qualified survivors, any ~~[qualified]~~ dependent parent of the primary party who is a qualified survivor shall receive only the amount calculated under Section 6.07(c) or Section 6.08(b)(3), (d)(3), or (e)(3) of this article, whichever is applicable, and is not entitled to what otherwise would be the ~~[qualified]~~ surviving spouse's or ~~[qualified]~~ surviving children's share.

(f) Same as introduced version.

(g) If there is no surviving spouse or legal guardian for the ~~[qualified]~~ surviving children of a primary party who are qualified survivors and if the board determines that the ~~[qualified]~~ surviving children lack the discretion to handle money, or in other appropriate

provision of this section, the board may request a court of competent jurisdiction to appoint a suitable person to receive and administer the ~~[qualified]~~ surviving children's money or in those circumstances described in Subsection (n) of this section, appoint a new trustee to administer the ~~[qualified]~~ surviving children's ~~[support]~~ trust.

(h) With the exception of a ~~[support]~~ trust described in Subsection (n) of this section, no death benefits awarded to ~~[qualified]~~ surviving children may be used for any purpose other than to benefit the ~~[qualified]~~ surviving children. ~~[The board may withhold payment of benefits if it has reason to believe the benefits are not being properly applied.]~~

(j) With the exception of those circumstances described in Subsection (n) of this section, death benefits payable ~~[paid]~~ to ~~[qualified]~~ surviving children ~~[living with a person other than the surviving spouse]~~ shall be delivered to the legal guardian of the estate of the surviving children if one has been appointed and the system has been provided proof of the appointment. If no legal guardian has been appointed, death benefits shall be delivered to one of the following persons, provided there is evidence that the person is ~~[person with whom the qualified surviving children are living, if the board has designated the person as being]~~ a suitable person to receive and administer the benefits:

(1) the surviving spouse with whom the child resides; or

(2) the adult head of the household with whom the child resides, if the child does not reside with the surviving spouse.

(j-1) In accordance with Subsection (h) of this section, the recipient of a surviving child's death benefits under Subsection (j) of this section must use the death benefits to benefit the child. The board may ~~;~~ withhold payment of benefits to anyone, if presented with evidence that the death benefits are not being used to benefit the surviving child ~~[but the legal guardian of the qualified surviving children and may require proof that a person has been appointed legal guardian of the qualified~~

circumstances, notwithstanding any other provision of this section, the board may request a court of competent jurisdiction to appoint a suitable person to receive and administer the ~~[qualified]~~ surviving children's money or in those circumstances described in Subsection (n) of this section, appoint a new trustee to administer the ~~[qualified]~~ surviving children's ~~[support]~~ trust.

(h) Same as introduced version.

(j) Substantially the same as introduced version.

(j-1) Same as introduced version.

~~surviving children before authorizing any benefits to be delivered to that person].~~

(k) Dependent ~~[The qualified surviving dependent]~~ parents of a primary party ~~[member]~~ who are entitled to receive death ~~[any survivor]~~ benefits provided by this article may only receive the benefits for the remainder of the dependent parents' ~~[their]~~ lives.

(l) The pension system ~~[board]~~ may require all qualified survivors ~~[persons]~~ receiving death benefits~~[, including qualified surviving spouses, qualified surviving children or their guardians, and qualified surviving dependent parents,]~~ to file ~~[with the administrator, at least once every two years,]~~ a sworn statement with the executive director concerning the qualified survivor's ~~[their]~~ eligibility to continue to receive death benefits at least once every two years, or at any other time the executive director considers a sworn statement to be appropriate to evidence the continued eligibility of a qualified survivor. ~~[The board may also require a sworn statement from any person receiving death benefits at any time.]~~ The board may withhold death benefits from any person who fails or refuses to file a statement when requested to do so.

(m) When the last qualified survivor of any primary party becomes ineligible to continue to receive death benefits, ~~[that survivor shall be paid in a lump sum]~~ an amount equal to the excess ~~[difference]~~, if any, of ~~[between]~~ the total amount of all contributions made to the fund by the primary party, while a member, over ~~[and]~~ the sum of all benefits paid to the primary party and all of the primary party's ~~[his]~~ qualified survivors shall be paid in a lump sum to the last person to receive benefits as a qualified survivor or, if none, to the member's designee. ~~[The total amount to be paid in benefits to the primary party and all qualified survivors shall never be less than the total amount of contributions the primary party made to the fund while a member.]~~

(n) Notwithstanding any other provision of this section:

(1) ~~[;]~~ death benefits awarded to an unmarried child who is a qualified survivor ~~[surviving child of a primary party]~~ who is

(k) Same as introduced version.

(l) The pension system ~~[board]~~ may require all qualified survivors ~~[persons]~~ receiving death benefits~~[, including qualified surviving spouses, qualified surviving children or their guardians, and qualified surviving dependent parents,]~~ to file ~~[with the administrator, at least once every two years,]~~ a sworn statement with the executive director concerning the qualified survivor's ~~[their]~~ eligibility to continue to receive death benefits at least once every two years, or at any other time the executive director considers a sworn statement to be appropriate to evidence the continued eligibility of the qualified survivor. ~~[The board may also require a sworn statement from any person receiving death benefits at any time.]~~ The board may withhold death benefits from any person who fails or refuses to file a statement when requested to do so.

(m) When the last qualified survivor of any primary party becomes ineligible to continue to receive death benefits, ~~[that survivor shall be paid in a lump sum]~~ an amount equal to the excess ~~[difference]~~, if any, of ~~[between]~~ the total amount of all contributions made to the fund by the primary party while a member over ~~[, and]~~ the sum of all benefits paid to the primary party and all of the primary party's ~~[his]~~ qualified survivors shall be paid in a lump sum to the last person to receive benefits as a qualified survivor or, if none exists, to the member's designee. ~~[The total amount to be paid in benefits to the primary party and all qualified survivors shall never be less than the total amount of contributions the primary party made to the fund while a member.]~~

(n) Substantially the same as introduced version.

determined by the board to be disabled [~~handicapped~~] under the terms of Subsection (o-2) [~~(e)~~] of this section may be paid to the trustee of a management trust, supplemental needs or special needs trust, or comparable trust [~~support trust~~] established for the benefit of the child, if the trust meets the requirements set forth in a procedure adopted from time to time by the board [~~qualified surviving child if:~~

~~[(1) an opinion of counsel of the trustee of the support trust is furnished to the board indicating that payments made to the support trust will not, under existing law, be considered a resource of the qualified surviving child under Title 42, Section 1396(a)(17), of the United States Code or any successor statute, as well as applicable state law or regulations governing the situation]; and~~

~~(2) as soon as practicable after the pension system has knowledge of an event listed in this subdivision, the system shall terminate payment of death benefits to a [coincident with the furnishing of the opinion of counsel, the board is provided with an executed original of the support trust document for the records of the pension system;~~

~~[(3) the terms of the trust provide that the board will receive an annual accounting of the support trust from its trustee, although the board has no legal responsibility to oversee the support trust; and~~

~~[(4) the support] trust described by Subdivision (1) of this subsection effective [will terminate as soon as practicable] on the earlier occurrence of the following events:~~

~~(A) the date as of [~~on~~] which the [qualified surviving] child is determined by the board to no longer be disabled [~~handicapped~~] under the terms of this section;~~

~~(B) the date on which the [qualified surviving] child is lawfully married;~~

~~(C) the date on which the [qualified surviving] child is deceased;~~

~~(D) the date on which the pension system becomes aware that the assets of the [support] trust are deemed to be the resources of the child under applicable federal or state laws or regulations; or~~

~~(E) if [~~unless otherwise excused by the board,~~] the trustee of the child's [support] trust fails to provide a court of competent jurisdiction [~~the board~~] with an annual~~

accounting of the child's trust, the date occurring [within] six months after the date of the close of the [support] trust's fiscal year.

(o) When a child who, as a qualified survivor, [surviving child who] is entitled to receive death benefits under this article reaches the age of 19, the [qualified surviving] child may no longer participate in the division of the benefits, but the same undiminished [qualified surviving] child's share as determined by this section shall be paid to any remaining [qualified surviving] children who are qualified survivors who remain eligible to continue to receive death benefits.

(o-1) If benefits are no longer payable to the trust described in Subsection (n)(1) of this section in accordance with Subsection (n)(2) of this section, the benefits are divisible and payable to any remaining children who are qualified survivors who remain eligible to receive death benefits.

(o-2) If an unmarried child [under 19 years of age. However, a handicapped qualified surviving child may not be removed from participation in the division of benefits on reaching the age of 19 nor may the child be barred from original participation at any time after reaching the age of 19, and the payments shall continue for the duration of the handicap. If a qualified surviving child is not married and], after cessation of entitlement to death benefits [because of attainment of age 19] but before age 23], becomes disabled before age 23 [handicapped], the child is entitled to participate in the division of death benefits under this article. Notwithstanding the preceding, all death benefits granted under this subsection are conditioned on the board finding that:

- (1) the [qualified surviving] child is so physically or mentally disabled [handicapped], either congenitally or through injury suffered or disease contracted, as to be unable to be self-supporting or to secure and hold gainful employment or pursue an occupation;
- (2) the [qualified surviving] child is not married;
- (3) the disability [handicap] was not the result of an occupational injury for which the [qualified surviving] child received compensation equal to or greater than that

(o) Same as introduced version.

(o-1) Same as introduced version.

(o-2) Same as introduced version.

provided under this article;

(4) the disability [~~handicap~~] was not the result of an intentional self-inflicted injury or a chronic illness itself resulting from an addiction of the [~~qualified surviving~~] child through a protracted course of [~~noncoerced~~] indulgence in alcohol, narcotics, or other substance abuse that was not coerced; and

(5) the disability [~~handicap~~] did not occur as a result of the [~~qualified surviving~~] child's participation in the commission of a felony.

(p) If a [~~handicapped qualified surviving~~] child with a disability received or is receiving workers' compensation resulting from an occupational injury equal to an amount less than the death benefit to be provided under this section, the difference shall be paid out of the assets of the fund in the form otherwise payable as monthly benefits. For purposes of Subsections [~~Subsection~~] (o), (o-1), and (o-2) of this section, if a lump sum is awarded for an injury, the fund's actuary may compute a corresponding monthly equivalent. A finding relating to a [~~qualified surviving~~] child's disability [~~handicap~~] is subject to periodic review and modification by the board.

(q) On the death or marriage of a [~~qualified surviving~~] child granted death benefits under this article, the death benefits shall cease being paid to that child; however, the same undiminished [~~qualified surviving~~] child's share as determined by this section shall be uniformly distributed among any remaining unmarried [~~qualified surviving~~] children who are:

(1) under 19 years of age;

(2) disabled [~~and any unmarried qualified surviving children who are handicapped~~] as described by Subsection (o-2) [~~(o)~~] of this section; or

(3) otherwise entitled to death benefits as qualified survivors.

(r) A spouse of a primary party who married the primary party [~~resulting from any marriage to a former member or pensioner~~] after the date the primary party terminated [~~member or pensioner leaves~~] active service is not a qualified survivor [~~surviving spouse~~] and is [~~not~~] entitled only to those death benefits, if applicable, provided under Section 6.063 of this article.

(t) A [~~qualified~~] surviving spouse who first remarried a primary party on or after April

(p) Same as introduced version.

(q) On the death or marriage of a [~~qualified surviving~~] child granted death benefits under this article, the death benefits shall cease being paid to that child; however, the same undiminished [~~qualified surviving~~] child's share as determined by this section shall be uniformly distributed among any remaining unmarried [~~qualified surviving~~] children who are:

(1) under 19 years of age; or

(2) disabled [~~and any unmarried qualified surviving children who are handicapped~~] as described by Subsection (o-2) [~~(o)~~] of this section and entitled to death benefits as qualified survivors.

(r) Same as introduced version.

(t) A [~~qualified~~] surviving spouse who first remarried on or after April

21, 1988, is eligible to receive death benefits for the remainder of the [qualified surviving] spouse's life provided the surviving spouse is a qualified survivor. This subsection may not be applied retroactively.

(u) The eligibility of a surviving spouse who first remarried before April 21, 1988, is governed by Section 6.061 of this article.

(v) The qualified survivors of a member who dies while performing qualified military service are entitled to any additional benefits, other than benefits relating to the qualified military service, that qualified survivors would have received if the member had returned from qualified military service the day before death, resumed employment, and then died.

SECTION 34. Part 6, Article 6243a-1, Revised Statutes, is amended by adding Sections 6.061, 6.062, 6.063, and 6.064 to read as follows:

Sec. 6.061. PROSPECTIVE REINSTATEMENT OF CERTAIN DEATH BENEFITS; ELECTION. (a) Subject to Subsections (b) and (d) of this section, the surviving spouse of a primary party who was a member of the old plan, Plan A, or Plan B whose death benefits, also referred to as "survivor benefits" or "widow benefits," terminated because of a remarriage of the surviving spouse that occurred before April 21, 1988, is entitled to receive death benefits, on a prospective basis only, as of the first day of the month following the month in which the executive director receives the application.

(b) The board may call an election of the membership approving this section. If this section is not approved by a vote of the membership, this section has no effect.

(c) The board shall begin to make reasonable efforts to notify all known living surviving spouses who may be entitled to a reinstatement of benefits under this section as soon as practicable after the board certifies the results of the election of the membership approving this section.

(d) A surviving spouse's properly completed, board-approved application for reinstatement of death benefits under this section must be received by the executive

21, 1988, is eligible to receive death benefits for the remainder of the [qualified surviving] spouse's life provided the surviving spouse is a qualified survivor. This subsection may not be applied retroactively.

(u) Same as introduced version.

(v) Same as introduced version.

SECTION 37. Part 6, Article 6243a-1, Revised Statutes, is amended by adding Sections 6.061, 6.062, 6.063, and 6.064 to read as follows:

Sec. 6.061. PROSPECTIVE REINSTATEMENT OF CERTAIN DEATH BENEFITS. (a) Subject to Subsection (c) of this section, the surviving spouse of a primary party who was a member of the old plan, Plan A, or Plan B whose death benefits, also referred to as "survivor benefits" or "widow benefits," terminated because of a remarriage of the surviving spouse that occurred before April 21, 1988, is entitled to receive death benefits, on a prospective basis only, as of the first day of the month following the month in which the executive director receives the application.

No equivalent provision.

(b) The board shall make reasonable efforts to notify all known living surviving spouses who may be entitled to a reinstatement of benefits under this section.

(c) Substantially the same as introduced version.

director not later than the 180th day after the date the board completes, as determined by the board, the reasonable efforts required by Subsection (c) of this section.

(e) A surviving spouse's application for reinstatement of death benefits under this section constitutes the spouse's waiver of any claims against the pension system, the board, the executive director, or any other employee of the board or the pension system arising out of any claim for death benefits.

(f) This section may not be applied retroactively. A surviving spouse may not receive death benefits attributable to periods before the executive director's receipt of a properly completed and board-approved application, and any benefit provided to a surviving spouse described in this section must be calculated as if the benefits had not terminated on the surviving spouse's remarriage notwithstanding the fact the reinstatement of benefits is not retroactive.

Sec. 6.062. LUMP SUM PAYMENT ON DEATH OF CERTAIN MEMBERS. (a) If an unmarried member dies while on active service and before beginning participation in DROP, the last person to receive benefits as the member's qualified survivors or, if the member does not have a qualified survivor living, the member's designee, shall be paid a lump sum payment determined in accordance with this section if the member:

- (1) had no qualified survivors; or
- (2) only had qualified survivors who are children who become ineligible to receive death benefits before the benefits were paid for at least 120 consecutive months.

(b) The amount of the lump sum payment under this section is the greater of:

- (1) the payment that could have been provided under Section 6.06(m) of this article; or
- (2) an amount equal to the actuarial equivalent of the remainder of the monthly benefits that would have been paid for the period from the last monthly benefit payment to the end of the 120 months, including the date of the first monthly benefit payment, if any.

(c) If no death benefit payments have been made with respect to the member, the amount of a monthly death benefit payment shall be considered to be the monthly death

(d) Same as introduced version.

(e) Same as introduced version.

Sec. 6.062. LUMP-SUM PAYMENT ON DEATH OF CERTAIN MEMBERS. (a) If an unmarried member dies while on active service and before beginning participation in DROP, the last person to receive benefits as the member's qualified survivor or, if the member does not have a qualified survivor living, the member's designee, shall be paid a lump-sum payment determined in accordance with this section if, at the time of the member's death, the member:

- (1) had no qualified survivors; or
- (2) only had qualified survivors who are children who become ineligible to receive death benefits before the benefits were paid for at least 120 consecutive months.

(b) The amount of the lump-sum payment under this section is the greater of:

- (1) the payment that could have been provided under Section 6.06(m) of this article; or
- (2) an amount equal to the actuarial equivalent of the remainder of the monthly benefits that would have been paid for the period from the last monthly benefit payment to the end of the 120 months, starting with the date of the first monthly benefit payment, if any.

(c) Same as introduced version.

benefit that would have been paid if the member had died leaving only one dependent parent who was a qualified survivor.

(d) If a qualified survivor or designee is entitled to payment under both this section and Section 6.06(m) of this article, payments shall be made only under this section.

(e) The payment required under this section shall be made as soon as practicable after the later of the date:

(1) of the death of the member; or

(2) the last qualified survivor becomes ineligible to receive monthly death benefit payments.

Sec. 6.063. AUTHORITY TO ELECT CERTAIN ACTUARIALLY REDUCED BENEFITS. (a) The board shall adopt policies under which a member who is leaving active service or a pensioner may elect to accept actuarially reduced benefits to provide the following optional benefits:

(1) a 100 percent joint and survivor annuity with the member's or pensioner's spouse;

(2) a 50 percent joint and survivor annuity with a spouse who is not a qualified survivor because the marriage to the pensioner occurred after the pensioner terminated active service, provided the election is made not later than one year after the date of the marriage; or

(3) a death benefit for a child who is not a qualified survivor because the child was born or adopted after the member left active service, but only if the child:

(A) is a dependent of the pensioner, within the meaning of Section 152(a)(1) of the code; and

(B) has not attained 18 years of age at the time of the election.

(b) An election under this section may not be revoked by the member or pensioner after it is filed with the pension system.

(c) Notwithstanding any other provision of this article, an election under this section shall result in benefits being paid as prescribed by this section instead of as prescribed by Section 6.01, 6.02, 6.04, 6.05, 6.07, or 6.08 of this article, as applicable.

(d) A pensioner who desires to make an election under Subsection (a)(1) of this section after having made an election under Subsection (a)(2) of this section shall incur a second actuarial reduction in benefits to pay

(d) Same as introduced version.

(e) Same as introduced version.

Sec. 6.063. Substantially the same as introduced version.

for the increased survivor annuity.

(e) Except as provided by Subsection (f) of this section, a person is not entitled to the payment of benefits under this section with respect to a pensioner who makes an election after termination of active service and dies within one year after making the election, except the amount by which the pensioner's benefits were reduced are paid to the person who is entitled to receive payments under Section 6.064 of this article.

(f) Subsection (e) of this section does not apply to a person who makes an election under Subsection (a)(1) of this section to receive a 100 percent joint and survivor annuity with a spouse who is a qualified survivor at the time:

(1) the board grants a retirement pension; or  
(2) a retirement pension would have been granted but for the fact that the person elected to participate in DROP after retirement.

(g) The actuarially reduced pension being paid to the pensioner under this section will not be increased if the spouse dies before the pensioner, or if the child attains 19 years of age before the pensioner dies.

(h) The joint and survivor annuity or the pensioner's pension and child's death benefit payable under this section is the actuarial equivalent of the pension and death benefits, if any, that would have been payable, at the time of the election, if the election had not been made. On the death of the pensioner:

(1) the surviving spouse of a pensioner who made an election under Subsection (a)(1) receives a pension that is equal to the reduced pension being received by the pensioner at the time of death; and

(2) a surviving spouse who is not a qualified survivor of a pensioner who made an election under Subsection (a)(2) receives a pension that is 50 percent of the reduced pension being received by the pensioner at the time of death.

(i) A pensioner and surviving spouse receiving a death benefit payable under this section are eligible for adjustments under Sections 6.12 and 6.13 of this article, if the pensioner or surviving spouse, as applicable, is otherwise entitled to those adjustments, except that in each case the adjustment shall be calculated so that the total pension or death benefit paid is reduced by the same percentage the pensioner's pension is

otherwise reduced under this section.

(j) A pensioner and surviving spouse receiving a death benefit payable under this section are not entitled to the minimum benefits provided under Section 6.10A, 6.10B, or 6.11 of this article.

(k) A surviving spouse receiving a death benefit payable under this section is not entitled to the special death benefit provided under Section 6.09 of this article.

(l) During a period in which there are two or more qualified survivors of a member who has made a joint and survivor election under this section, the spousal benefit will be divided among the eligible survivors under Section 6.07 or 6.08 of this article, as applicable.

(m) A child's death benefit elected under Subsection (a)(3) of this section is treated the same way as a death benefit to a child who is a qualified survivor, except that it is based on the actuarially reduced pension.

Sec. 6.064. DESIGNEEES. (a) A member, pensioner, or qualified survivor may at any time designate, in writing, one or more persons as a designee to receive any lump sum payment due from the pension system on the death of the member, pensioner, or qualified survivor, as applicable.

(b) A designation under this section of a person other than the spouse of the member, pensioner, or qualified survivor, as appropriate, must be made with the written consent of the spouse, if the individual has a spouse.

(c) A designation made under this section:  
(1) may be revoked or changed at any time;  
and

(2) is void if the person designated dies or goes out of existence before the payment is made.

(d) If a member, pensioner, or qualified survivor designates a spouse to receive a payment and the parties are later divorced, the designation is void at the time of the divorce unless ratified in writing at the time of the divorce or after that time.

(e) A designation by a member under this section is void at the time the member becomes a pensioner unless ratified in writing at the time the member becomes a pensioner or after that time.

(f) If a member, pensioner, or qualified survivor does not have a valid designee on file with the pension system at the time of

Sec. 6.064. Same as introduced version.

death, the designee is:

- (1) the spouse;
- (2) the qualified survivors, if any, if there is no spouse;
- (3) the estate of the person, if there is no spouse or qualified survivors; or
- (4) the heirs of the person, if there is no spouse, qualified survivors, or estate.

SECTION 35. Sections 6.07, 6.08, 6.09, and 6.10A, Article 6243a-1, Revised Statutes, are amended to read as follows:

Sec. 6.07. GROUP A DEATH BENEFITS.

(a)(1) If a Group A member dies before leaving active service [~~retirement~~] and before the Group A member had [~~has~~] 20 years of pension service, the Group A member's [~~leaving both a qualified surviving~~] spouse and [~~qualified surviving~~] children who are [~~, the~~] qualified [~~surviving spouse shall make an election for all~~] survivors shall, in the aggregate, [~~to~~] receive a Group A death benefit [~~consisting in the aggregate of an amount~~] equal to a Group A retirement pension computed under the terms of Section 6.01 of this article as if the Group A member had completed 20 years of pension service. [~~An election under this subdivision, once made, is irrevocable. This Group A death benefit shall be divided one-half to the qualified surviving spouse and one-half to the qualified surviving children.~~]

(2) If a Group A [~~pensioner dies during disability retirement and before the Group A pensioner had 20 years of pension service, leaving both a qualified surviving spouse and qualified children, the survivors in the aggregate shall receive a Group A death benefit calculated either under Sections 6.01(b) and (c) of this article if the Group A pensioner's Group A disability pension was calculated under Section 6.04(a) of this article, or under Section 6.01(e) of this article if the Group A pensioner's Group A disability pension was calculated under Section 6.04(b) of this article. This Group A death benefit shall be divided one-half to the qualified surviving spouse and one-half to the qualified surviving children.~~]

[~~(b)(1) If a Group A member or former Group A~~] member dies before service retirement and after the Group A member has [~~or former Group A member has~~] 20 years of pension service, the Group A

SECTION 38. Sections 6.07, 6.08, 6.09, and 6.10A, Article 6243a-1, Revised Statutes, are amended to read as follows:

Sec. 6.07. Substantially the same as introduced version.

~~member's [leaving both a qualified surviving] spouse and [qualified surviving] children, who are [the] qualified [surviving spouse shall make an election for all] survivors shall, in the aggregate, [to] receive a Group A death benefit calculated under Section 6.01 of this article as if the Group A member [of an amount equal to a Group A retirement pension the Group A member or former Group A member would have received] had [the person] left active service on the date of the [death, computed under the terms of Section 6.01 of this article. An election under this subdivision, once made, is irrevocable. This] Group A member's death [benefit shall be divided one-half to the qualified surviving spouse and one-half to the qualified surviving children].~~

(3) If a Group A pensioner dies during service retirement, the Group A pensioner's spouse and children who are qualified survivors shall, in the aggregate, receive a Group A death benefit in an amount equal to the Group A retirement pension being received by the Group A pensioner at the date of death.

(4) If a Group A pensioner dies after November 25, 1996, while receiving periodic disability compensation under Section 6.05 of this article or a disability pension under Section 6.04 of this article, and before the Group A pensioner has 20 years of pension service, the Group A pensioner's spouse and children who are qualified survivors shall, in the aggregate, receive a Group A death benefit calculated under Section 6.04 or 6.05 of this article, as applicable, in the same manner as the Group A pensioner's periodic disability compensation or disability pension, but as if the Group A pensioner had completed 20 years of pension service.

(5) [(2)(A)] If a Group A pensioner who has 20 or more years of pension service dies during disability retirement, the Group A pensioner's spouse and children who are qualified survivors shall, in the aggregate, [dies leaving both a qualified surviving spouse and qualified surviving children, the qualified surviving spouse shall make an election for all survivors to] receive a Group A death benefit in an [the] amount equal to [of] the Group A disability [retirement] pension being received by the Group A pensioner on the date of the pensioner's

death.

(b) [before the person's death. This] Group A death benefits under Subsection (a) of this section [benefit] shall:

(1) be divided one-half to the [qualified surviving] spouse and one-half to the [qualified surviving] children who are qualified survivors; and [-]

(2) subject to [(B) With] the terms of Sections [exception of those circumstances described by Section] 6.06(n), (o), (o-1), and (o-2) of this article, be distributed in an equal and uniform manner to the children described by Subdivision (1) of this subsection [the Group A death benefits awarded to the qualified survivors under this subsection shall be paid entirely to the qualified surviving spouse and the qualified surviving children. The qualified surviving children's one-half share shall be equally and uniformly distributed by the qualified surviving spouse to them].

(c) [(e)(1)] If a Group A member or pensioner [former Group A member] dies leaving no [qualified surviving] spouse or [qualified surviving] children who are qualified survivors, the [but leaves surviving one or both qualified surviving dependent parents, the qualified surviving] dependent parents who are qualified survivors shall [may elect to] receive a Group A death benefit equal to the death benefit otherwise payable under Subsection (a) of this section. The death benefit payable to the dependent parents under this subsection shall be divided equally between the parents regardless of whether the parents are married or living at the same residence. [Group A retirement pension the Group A member or former Group A member would have been entitled to under Section 6.01 of this article after leaving active service. If there are two qualified dependent parents, the election must be mutual. An election under this subdivision, once made, is irrevocable. The qualified surviving dependent parents of a Group A pensioner shall receive a Group A death benefit equal to the amount of the actual Group A retirement pension being received at the time of the pensioner's death, divided equally between the qualified surviving dependent parents.

[(2) If a Group A pensioner dies during disability retirement and before the Group A

~~pensioner had 20 years of pension service, leaving no qualified surviving spouse or qualified surviving children, but leaves surviving one or both qualified surviving dependent parents, the qualified surviving dependent parents may elect to receive a Group A death benefit calculated either: under Sections 6.01(b) and (c) of this article if the Group A pensioner's Group A disability pension was calculated under Section 6.04(a) of this article, or under Section 6.01(e) of this article if the Group A pensioner's Group A disability pension was calculated under Section 6.04(b) of this article. An election under this subdivision, once made, is irrevocable.~~

~~[(d)] If there is only one [qualified surviving] dependent parent, that [the] parent is entitled to one-half of the death benefit described in [amount determined under Subsection (e)(1) or (e)(2) of] this subsection [section].~~

Sec. 6.08. GROUP B DEATH BENEFITS.

(a) If a Group B member dies while on active service, a ~~[former]~~ Group B member who left active service and is vested under Section 5.06 of this article dies, or a Group B pensioner dies while receiving [en] service or disability retirement or while receiving periodic disability compensation under Section 6.05, the person's qualified survivors, or the person described in Section 6.06(g) as the recipient of the children's benefits [guardian of the qualified surviving children if no qualified surviving spouse exists], may make application for Group B death benefits. If the deceased [The qualified surviving spouse of a Group B member or former Group B member described by this subsection, the guardian of the qualified surviving children of the person if no qualified surviving spouse exists, or the qualified dependent parents if no qualified surviving spouse or qualified surviving children exist, have the option to select whether Group A or Group B death benefits are received, if the Group B member or former] Group B member was previously eligible to elect whether to receive either a Group A or Group B retirement pension, the option to elect whether Group A or Group B death benefits are received shall be exercised by one of the following:

Sec. 6.08. GROUP B DEATH BENEFITS.

(a) If a Group B member dies while on active service, a ~~[former]~~ Group B member who left active service and is vested under Section 5.06 of this article dies, or a Group B pensioner dies while receiving [en] service or disability retirement or while receiving periodic disability compensation under Section 6.05 of this article, the person's qualified survivors, or the person described in Section 6.06(g) or (j) of this article as the recipient of the children's benefits [guardian of the qualified surviving children if no qualified surviving spouse exists], may make application for Group B death benefits. If the deceased [The qualified surviving spouse of a Group B member or former Group B member described by this subsection, the guardian of the qualified surviving children of the person if no qualified surviving spouse exists, or the qualified dependent parents if no qualified surviving spouse or qualified surviving children exist, have the option to select whether Group A or Group B death benefits are received, if the Group B member or former] Group B member was previously eligible to elect whether to receive either a Group A or Group B retirement pension, the option to elect whether Group A or Group B death benefits are received shall be exercised by one of the following:

- (1) a qualified survivor who is the spouse of the deceased Group B member described by this subsection;
- (2) the person described in Section 6.06(g) as the recipient of benefits on behalf of the deceased member's children who are qualified survivors, if no spouse is a qualified survivor; or
- (3) the qualified survivors who are dependent parents of the deceased member, if there is neither a spouse nor children who are qualified survivors.

(a-1) A qualified survivor who receives Group A death benefits under Subsection (a) of this section [subsection] is entitled to a ratable portion of a reimbursement from the fund in the same amount and manner determined under Section 5.03(d) of this article. A qualified survivor or guardian desiring a refund of excess contributions must make application for the refund with the executive director [administrator] within three years after the date the qualified survivor or guardian makes application for Group A death benefits. The option contained in this subsection is not available to qualified survivors of a Group B member [or former Group B member] who had, at the time of death, already applied for a retirement pension and selected a Group A retirement pension as provided by Section 5.03(c) or (c-1) of this article, but the qualified survivors are entitled to receive a Group A death benefit.

(b) Subject to Subsection (b-2) of this section, death [Death] benefits shall be computed as follows for the qualified survivors of Group B members who die while on active service:

(1) the [A qualified surviving spouse's Group B] death benefit of a qualified survivor who is the spouse of a member who began active service:

(A) before March 1, 2011, shall be the sum of:

(i) the number of years of pension service earned before September 1, 2017, prorated for fractional years, times 1.5 percent of the [computed at the rate of 1.5 percent of the Group B member's] average computation pay determined over the 36 [60] consecutive months of pension service in which the Group B member received the highest computation pay; plus

- (1) a qualified survivor who is the spouse of the deceased Group B member described by this subsection;
- (2) the person described in Section 6.06(g) or (j) of this article as the recipient of benefits on behalf of the deceased member's children who are qualified survivors, if no spouse is a qualified survivor; or
- (3) the qualified survivors who are dependent parents of the deceased member, if there is neither a spouse nor children who are qualified survivors.

(a-1) Same as introduced version.

(b) Subject to Subsection (b-2) of this section, death [Death] benefits shall be computed as follows for the qualified survivors of Group B members who die while on active service:

(1) the [A qualified surviving spouse's Group B] death benefit of a qualified survivor who is the spouse of a member who began active service:

(A) before March 1, 2011, shall be the sum of:

(i) the number of years of pension service earned before September 1, 2017, prorated for fractional years, times 1.5 percent of the [computed at the rate of 1.5 percent of the Group B member's] average computation pay determined over the 36 [60] consecutive months of pension service in which the Group B member received the highest computation pay; plus

~~(ii) the number of [; for each year, and prorated for fractional years, of pension service with a minimum of 20] years of pension service, including pension service credit imputed under Section 6.05(b-1) of this article, after September 1, 2017, prorated for fractional years, times 1.25 [assumed, or 30] percent of the average computation pay determined over the 60 consecutive months of pension service in which the Group B member received the highest computation pay; or~~

~~(B) on or after March 1, 2011, shall be the number of years of pension service, including pension service imputed under Section 6.05(b-1) of this article, prorated for fractional years, times the applicable percentage rate set forth below of average computation pay determined over the 60 consecutive months of pension service in which the member received the highest computation pay:~~

~~Age of Member When Retirement Pension Begins - Percent~~

~~53 1.0%~~

~~54 1.05%~~

~~55 1.10%~~

~~56 1.15%~~

~~57 1.2%~~

~~58 and older 1.25%;~~

~~(2) the death benefit of qualified survivors who are a member's children shall be computed in the same manner as a spouse's benefit is computed under Subdivision (1)(A) or (B) of this subsection, as applicable, and shall be divided equally among all of the qualified survivor children; and~~

~~(3) the death benefit of each qualified survivor who is a member's dependent parent shall be computed in the same manner as a spouse's Group B benefit is computed under Subdivision (1)(A) or (B) of this subsection, as applicable.~~

~~(b-1) Pension service for purposes of the calculation under Subsection (b) of this section may not be less than 20 years. Any partial year of pension service for the first 20 years of pension service is counted as a full year of pension service, if the member was considered by the member's department to have worked a normal, full-time schedule at the time of the member's death.~~

~~(ii) the number of [; for each year, and prorated for fractional years, of pension service with a minimum of 20] years of pension service, including pension service credit imputed under Section 6.05(c) of this article, after September 1, 2017, prorated for fractional years, times the applicable percentage rate set forth below [assumed, or 30 percent] of the average computation pay determined over the 60 consecutive months of pension service in which the Group B member received the highest computation pay;~~

~~(B) on or after March 1, 2011, shall be the number of years of pension service, including pension service imputed under Section 6.05(c) of this article, prorated for fractional years, times 1.25 percent of the average computation pay determined over the 60 consecutive months of pension service in which the Group B member received the highest computation pay;~~

~~Age of Member When Retirement Pension Begins - Percent~~

~~58 and older 1.25%~~

~~57 1.2%~~

~~56 1.15%~~

~~55 1.10%~~

~~54 1.05%~~

~~53 and younger 1.0%; or~~

~~(2) the death benefit of qualified survivors who are a member's children shall be computed in the same manner as a spouse's benefit is computed under Subdivision (1)(A) or (B) of this subsection, as applicable, and shall be divided equally among all of the children who are qualified survivors; and~~

~~(3) the death benefit of each qualified survivor who is a member's dependent parent shall be computed in the same manner as a spouse's Group B benefit is computed under Subdivision (1)(A) or (B) of this subsection, as applicable.~~

~~(b-1) Same as introduced version.~~

(b-2) The death benefit calculated under Subsection (b) of this section may not exceed the greater of:

(1) 45 [a computation for 32 years of pension service, or 48] percent of the member's average computation pay determined over the 36 or 60 consecutive months, as applicable, in which the Group B member received the highest computation pay; or

(2) the vested and accrued death benefit as determined on August 31, 2017.

(b-3) For purposes of Subsections (b) through (b-2) of this section:

(1) if [H] the Group B member had less than 36 or 60 consecutive months, as applicable, [five years] of pension service, the average computation pay will be computed based on the person's entire pension service; and

(2) days during which the member earned no pension service due to a termination of active service or otherwise must be disregarded in determining the 36 or 60 consecutive months, as applicable, of highest computation pay.

~~[(2) A qualified surviving child's Group B death benefit shall be computed in the same manner as a qualified surviving spouse's benefit is computed under Subdivision (1) of this subsection and shall be divided equally among all of the qualified surviving children.~~

~~[(3) Each qualified surviving dependent parent's Group B death benefit shall be computed in the same manner as a qualified surviving spouse's Group B benefit is computed under Subdivision (1) of this subsection.]~~

(c) Group B death benefits shall be computed as follows for the qualified survivors of any [former] Group B member who died after leaving active service and who had vested rights under Section 5.06 of this article but who had not received [Group B] retirement benefits [under Section 6.02 of this article] at the time of death:

(1) the death benefit of a [The] qualified survivor who is the member's [surviving] spouse [of the former Group B member] is [entitled to a Group B death benefit] equal to 50 percent of any [Group B] retirement pension the [former Group B] member would have been entitled to [under Section

(b-2) Same as introduced version.

(b-3) For purposes of Subsections (b) through (b-2) of this section:

(1) if [H] the Group B member had less than 36 or 60 consecutive months, as applicable, [five years] of pension service, the average computation pay will be computed based on the person's entire pension service; and

(2) days during which the member earned no pension service due to a termination of active service or otherwise must be disregarded in determining the 36 or 60 consecutive months of highest computation pay.

~~[(2) A qualified surviving child's Group B death benefit shall be computed in the same manner as a qualified surviving spouse's benefit is computed under Subdivision (1) of this subsection and shall be divided equally among all of the qualified surviving children.~~

~~[(3) Each qualified surviving dependent parent's Group B death benefit shall be computed in the same manner as a qualified surviving spouse's Group B benefit is computed under Subdivision (1) of this subsection.]~~

(c) Same as introduced version.

~~6.02 of this article~~] as of the date the [~~former Group B~~] member left active service;[-]

(2) the death benefits of [The] qualified survivors who are the member's [surviving] children [of the former Group B member] are [~~entitled to a Group B benefit~~] calculated in the same manner as the spouse's benefit is computed under Subdivision (1) of this subsection [Group B death benefit of a qualified surviving spouse], to be divided equally between the [~~qualified surviving~~] children; and[-]

(3) the death benefit of each [Each of the] qualified survivor who is the member's [surviving] dependent parent [parents of the former Group B member] is [~~entitled to a Group B death benefit~~] equal to 50 percent of any [~~Group B~~] retirement pension the [~~former Group B~~] member would have been entitled to [~~under the provisions of Section 6.02 of this article~~] as of the date the [~~former Group B~~] member left active service.

(d) Group B death benefits shall be computed as follows for the qualified survivors of any Group B pensioner [~~of this plan~~] who dies while receiving service [a Group B] retirement [pension]:

(1) the death benefit of a [The] qualified [surviving] survivor who is the pensioner's spouse [of a Group B pensioner] is [~~entitled to Group B death benefits~~] equal to 50 percent of any retirement pension the Group B pensioner was receiving at the time of death;[-]

(2) the death benefits of qualified survivors who are the pensioner's [The qualified surviving] children [of a Group B pensioner] are [~~entitled to a Group B death benefit~~] calculated in the same manner as the spouse's benefit is computed under Subdivision (1) of this subsection [Group B death benefit of a qualified surviving spouse], to be divided equally between the [~~qualified surviving~~] children; and[-]

(3) the death benefit of each [Each of the] qualified survivor who is the pensioner's [surviving] dependent parent [parents of a Group B pensioner] is [~~entitled to a Group B death benefit~~] equal to 50 percent of any retirement pension the Group B pensioner was receiving at the time of death.

(e) Group B death benefits shall be computed as follows for the qualified survivors of any Group B pensioner who

(d) Same as introduced version.

(e) Same as introduced version.

dies while receiving disability retirement or while receiving periodic [a Group B] disability compensation under Section 6.05 of this article [pension due to either a service-connected or nonservice-connected disability]:

(1) the death benefit of a [The] qualified survivor who is the pensioner's [surviving] spouse [of the Group B pensioner] is [entitled to the greater of a Group B death benefit] equal to 50 percent of any Group B periodic disability compensation or disability pension the Group B pensioner would have been entitled to [under Section 6.05 of this article] as of the date the Group B pensioner left active service because of disability, or a Group B death benefit equal to 50 percent of any periodic disability compensation or [Group B] disability pension the Group B pensioner was receiving at the time of death;[-]

(2) the death benefits of [The] qualified survivors who are the pensioner's [surviving] children [of the Group B pensioner] are [entitled to a Group B death benefit] calculated in the same manner as the spouse's [Group B death] benefit is computed under Subdivision (1) of this subsection [of a qualified surviving spouse], to be divided equally between the [qualified surviving] children; and[-]

(3) the death benefit of each [Each of the] qualified survivor who is the pensioner's [surviving] dependent parent [parents of the Group B pensioner] is [entitled to the greater of a Group B death benefit] equal to 50 percent of any periodic disability compensation or disability pension the Group B pensioner would have been entitled to [under Section 6.05 of this article] as of the date the Group B pensioner left active service because of disability, or a Group B death benefit equal to 50 percent of any periodic disability compensation or [Group B] disability pension the Group B pensioner was receiving at the time of death.

Sec. 6.09. QUALIFIED SURVIVING SPOUSE SPECIAL DEATH BENEFIT. (a) A person who is the [Notwithstanding Sections 6.06 and 6.07 of this article, the qualified surviving] spouse of a Group A primary party, who is a qualified survivor, and who is entitled to death benefits under Sections 6.06, 6.061, 6.062, 6.063, and 6.07 of this article is also entitled to a special

Sec. 6.09. QUALIFIED SURVIVING SPOUSE SPECIAL DEATH BENEFIT. (a) A person who is the [Notwithstanding Sections 6.06 and 6.07 of this article, the qualified surviving] spouse of a Group A primary party, who is a qualified survivor, and who is entitled to death benefits under Sections 6.06, 6.061, 6.062, 6.063, and 6.07 of this article is also entitled to a special

death benefit under this section if:

(1) the Group A primary party:

~~(A) [elected to receive a Group A retirement pension and later died, was receiving a disability or retirement pension either under the terms of Plan A before the original enactment of this article or elected to receive a Group A retirement pension under Sections 6.01(e), (f), and (g) of this article and later died, or was receiving a Group A disability pension under Section 6.04(e) of this article and later died;~~

~~[(2) the Group A primary party (i)] had at least 20 years of pension service, [and] left active service after October 1, 1985, and was at least ~~62~~ 55 years of age on the earlier of the date the primary party:~~

~~(i) left active service; or~~

~~(ii) began participation in DROP [~~or older~~];~~  
or

~~(B) had [(ii) on or after May 1, 1990, the Group A primary party, after accruing] at least 20 years of pension service, left active service on or after May 31, 2000, and on the earlier of the date the primary party left active service or began participation in DROP, [and] had a total of at least 78 ~~[80]~~ credits, with each year of pension service, prorated for fractional years, equal to one credit and with each year of age, prorated for fractional years, equal to one credit; or [and]~~

~~(2) the [(3) the qualified surviving] spouse has attained ~~58~~ 55 years of age and there are no [qualified surviving] children who are qualified survivors eligible for death benefits.~~

(b) Until the requirements of Subsection (a) of this section are satisfied, a qualified survivor who is the spouse of a Group A primary party ~~[surviving spouse]~~ shall receive a Group A death benefit in accordance with Section 6.07 of this article.

(c) The special Group A death benefit under Subsection (a) of this section is calculated based on the following formula:

$(P \times P \times A) + (P \times C) + D$ , where

A = base pay at the time the Group A primary party began participation in DROP, begins service retirement, dies, or becomes disabled, plus longevity pay, plus one-twelfth of last-received city service incentive pay;

B = Group A primary party's benefit

death benefit under this section if:

(1) the Group A primary party:

~~(A) [elected to receive a Group A retirement pension and later died, was receiving a disability or retirement pension either under the terms of Plan A before the original enactment of this article or elected to receive a Group A retirement pension under Sections 6.01(e), (f), and (g) of this article and later died, or was receiving a Group A disability pension under Section 6.04(e) of this article and later died;~~

~~[(2) the Group A primary party (i)] had at least 20 years of pension service, [and] left active service after October 1, 1985, and was at least ~~62~~ 55 years of age on the earlier of the date the primary party:~~

~~(i) left active service; or~~

~~(ii) began participation in DROP [~~or older~~];~~  
or

~~(B) had [(ii) on or after May 1, 1990, the Group A primary party, after accruing] at least 20 years of pension service, left active service on or after May 31, 2000, and on the earlier of the date the primary party left active service or began participation in DROP, [and] had a total of at least 78 ~~[80]~~ credits, with each year of pension service, prorated for fractional years, equal to one credit and with each year of age, prorated for fractional years, equal to one credit; or [and]~~

~~(2) the [(3) the qualified surviving] spouse has attained ~~58~~ 55 years of age and there are no [qualified surviving] children who are qualified survivors eligible for death benefits.~~

(b) Same as introduced version.

(c) Substantially the same as introduced version.

calculated at the time the Group A primary party began participation in DROP, begins service retirement, dies, or becomes disabled;

$P = B/A$  (expressed as a percentage or a decimal);

C = the number of adjustments made to a Group A primary party's ~~[Group A]~~ retirement pension, disability pension, or periodic [Group A] disability compensation, ~~[pension under Section 6.04 of this article]~~ multiplied by the amount of the adjustments; and

D = the number of adjustments made under this article to the [a qualified surviving spouse's] Group A death benefit of a spouse who is a qualified survivor under Section 6.07, ~~[of this article]~~ multiplied by the amount of the adjustments.

(d) A person who is the [Notwithstanding Sections 6.03 and 6.05 of this article, a qualified surviving] spouse of a Group B primary party, who is a qualified survivor, and who is entitled to any death benefits under Sections 6.06, 6.061, 6.062, 6.063, and [œ] 6.08 of this article is also entitled to a special benefit under this section if:

(1) ~~the Group B primary party [elected to receive a Group B retirement pension and later died, or was receiving a Group B disability or retirement pension under this article and died;~~

~~[(2) the Group B primary party]:~~

~~(A) had at least 20 years of pension service, left active service after October 1, 1985, and was at least 62 [55] years of age at the earlier of the date the primary party left [time of leaving] active service or began participation in DROP; or~~

~~(B) on or after May 31, 2000 [1, 1990], [the Group B primary party] left active service or began participation in DROP, whichever was earlier, having a total of at least 78 [80] credits, with each year of pension service, prorated for fractional years, equal to one credit and with each year of age, determined at the time the Group B primary party left active service or began participation in DROP, prorated for fractional years, equal to one credit; or [and]~~

~~(2) [(3)] the [qualified surviving] spouse has attained 62 [55] years of age, and there are no [qualified surviving] children of the primary party who are qualified survivors.~~

(d) A person who is the [Notwithstanding Sections 6.03 and 6.05 of this article, a qualified surviving] spouse of a Group B primary party, who is a qualified survivor, and who is entitled to any death benefits under Sections 6.06, 6.061, 6.062, 6.063, and [œ] 6.08 of this article is also entitled to a special benefit under this section if:

(1) ~~the Group B primary party [elected to receive a Group B retirement pension and later died, or was receiving a Group B disability or retirement pension under this article and died;~~

~~[(2) the Group B primary party]:~~

~~(A) had at least 20 years of pension service, left active service after October 1, 1985, and was at least 55 years of age at the earlier of the date the primary party left [time of leaving] active service or began participation in DROP; or~~

~~(B) on or after May 31, 2000 [1, 1990], [the Group B primary party] left active service or began participation in DROP, whichever was earlier, having a total of at least 78 [80] credits, with each year of pension service, prorated for fractional years, equal to one credit and with each year of age, determined at the time the Group B primary party left active service or began participation in DROP, prorated for fractional years, equal to one credit; or [and]~~

~~(2) [(3)] the [qualified surviving] spouse has attained 55 years of age, and there are no [qualified surviving] children of the primary party who are qualified survivors.~~

(d-1) Until the requirements of Subsection (d) [(e)] of this section are satisfied, a spouse who is a qualified survivor [~~surviving spouse~~] may only receive a Group B death benefit in accordance with Sections 6.06, 6.061, 6.062, 6.063, [6.03] and 6.08 [6.05] of this article.

(e) The [This] special Group B death [~~survivor~~] benefit under Subsection (d) of this section is calculated based on the following formula:

$(P \times P \times A) + (P \times C) + D$ , where

A = average monthly computation pay at the time the Group B primary party begins service retirement, dies, [~~or~~] becomes disabled, or begins participation in DROP;

B = the Group B primary party's benefit [~~Group B retirement or Group B disability pension~~] calculated at the time the Group B primary party begins participation in DROP, begins to receive service [~~or disability~~] retirement, [~~or~~] dies, or becomes disabled;

P = B/A (expressed as a percentage or a decimal);

C = the number of post-retirement [~~postretirement~~] adjustments made to a Group B primary party's [~~Group B~~] retirement pension, disability pension, or periodic [Group B] disability compensation [~~pension under Section 6.05 of this article~~] multiplied by the amount of the adjustments; and

D = the number of adjustments made to the [~~a qualified surviving spouse's~~] Group B death benefit of a qualified survivor who is the primary party's spouse under Section 6.08 of this article multiplied by the amount of the adjustments.

Sec. 6.10A. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY PARTIES WHO WERE GROUP A, OLD PLAN, OR COMBINED PENSION PLAN MEMBERS [~~ELECT TO RECEIVE RETIREMENT PENSION UNDER SECTIONS 6.01(B) AND (C)] AND THEIR QUALIFIED SURVIVORS. (a) Except as provided by Section 6.063 of this article or Subsections (b) and (h) of this section and notwithstanding any benefit computation and determination to the contrary contained in this article, the minimum Group A benefits provided by this section shall be paid to any Group A primary party who elects to receive a Group A retirement pension under Sections 6.01(b)~~

(d-1) Same as introduced version.

(e) Same as introduced version.

Sec. 6.10A. MINIMUM BENEFITS TO CERTAIN GROUP A PRIMARY PARTIES WHO WERE GROUP A, OLD PLAN, OR COMBINED PENSION PLAN MEMBERS [~~ELECT TO RECEIVE RETIREMENT PENSION UNDER SECTIONS 6.01(B) AND (C)] AND THEIR QUALIFIED SURVIVORS. (a) Except as provided by Section 6.063 of this article or Subsections (b) and (h) of this section and notwithstanding any benefit computation and determination to the contrary contained in this article, the minimum Group A benefits provided by this section shall be paid to any Group A primary party who elects to receive a Group A retirement pension under Sections 6.01(b)~~

and (c) of this article, the old plan, or former Section 14(a) of this article, or to the primary party's qualified survivors [~~The benefits under this section shall be distributed in accordance with Sections 6.01(b) and (c), 6.04(a), or 6.07 of this article, as applicable~~], except that a Group A primary party who elects to receive an actuarially reduced [~~Group A retirement pension because of the primary party's request to receive a Group A~~] retirement pension before ~~58~~ 50 years of age and the primary party's qualified survivors are not entitled to the [~~Group A~~] minimum benefits specified under this section. An alternate payee is not entitled to the Group A minimum benefits specified in this section.

(b) A Group A primary party who elects to receive a Group A retirement pension under Sections 6.01(b) and (c) of this article, the old plan, or former Section 14(a) of this article and who left active service with 20 or more years of pension service is entitled to receive a minimum Group A retirement pension of ~~\$2,200~~ \$1,500 a month. [~~If the Group A primary party's Group A retirement pension is subject to a qualified domestic relations order and the sum of the actuarial equivalents of the monthly benefits payable to the Group A primary party and the alternate payee is less than the actuarial equivalent of the minimum monthly Group A retirement pension described by this subsection, the Group A primary party's monthly Group A retirement pension will be increased so that the sum of the actuarial equivalents of the alternate payee's and the Group A primary party's monthly Group A retirement pension equals the actuarial equivalent of the minimum monthly Group A retirement pension calculated under this subsection.~~]

(c) In the absence of children who are [A] qualified survivors, a [surviving] spouse who is a qualified survivor of a Group A primary party who elected to receive a Group A retirement pension under Sections 6.01(b) and (c) of this article, the old plan, or former Section 14(a) of this article, will receive a minimum monthly Group A death benefit of ~~\$1,200~~ \$750.

(d) A spouse who is a qualified survivor [surviving spouse] of a Group A primary party who elected to receive a Group A

and (c) of this article, the old plan, or former Section 14(a) of this article, or to the primary party's qualified survivors [~~The benefits under this section shall be distributed in accordance with Sections 6.01(b) and (c), 6.04(a), or 6.07 of this article, as applicable~~], except that a Group A primary party who elects to receive an actuarially reduced [~~Group A retirement pension because of the primary party's request to receive a Group A~~] retirement pension before ~~58~~ 50 years of age and the primary party's qualified survivors are not entitled to the [~~Group A~~] minimum benefits specified under this section. An alternate payee is not entitled to the Group A minimum benefits specified in this section.

(b) Same as introduced version.

(c) Substantially the same as introduced version.

(d) Substantially the same as introduced version.

retirement pension under Sections 6.01(b) and (c) of this article, ~~the old plan, or former Section 14(a) of this article,~~ will receive, if there are children who are qualified survivors [~~surviving children~~], a minimum Group A death benefit of \$1,100 [~~\$750~~] a month. [~~The qualified surviving children, as a group, will receive a minimum Group A death benefit of \$750 a month, to be divided equally among them.~~]

(e) In the absence of a spouse who is a qualified survivor [~~surviving spouse~~] of a Group A primary party who elected to receive a Group A retirement pension under Sections 6.01(b), ~~[and] (c), or (e)~~ of this article, ~~the old plan, or former Section 14(a) of this article,~~ the primary party's children who are qualified survivors [~~surviving children~~], as a group, will receive a minimum Group A death benefit of \$1,100 [~~\$750~~] a month, to be divided equally among them.

(f) ~~If there is neither a [In the absence of both a qualified surviving] spouse nor a child who is a [and] qualified survivor [surviving children] of a Group A primary party who elected to receive a Group A retirement pension under Sections 6.01(b) and (c) of this article, the old plan, or former Section 14(a) of this article,~~ each [~~qualified surviving~~] dependent parent who is a qualified survivor will receive a minimum Group A death benefit of \$1,100 [~~\$750~~] a month. If only one of them is surviving, ~~that [the qualified surviving] dependent parent will receive a minimum Group A death benefit equal to \$1,100 [\$750] a month.~~

(g) Notwithstanding the minimum monthly benefit described in other subsections of this section, a Group A primary party who receives periodic disability compensation under Section 6.05(b) or a Group A disability pension under Section 6.04(a) of this article, the old plan, or former Section 17(a) of this article, [~~calculated in the same manner as a Group A retirement pension under Sections 6.01(b) and (c) of this article,~~] shall receive a minimum Group A disability pension equal to \$2,200 [~~\$1,500~~] a month.

(h) If a Group A pensioner who received a monthly benefit under Section 6.05(b-1) of this article or a disability pension under Section 6.04(a) of this article, calculated in

(e) Substantially the same as introduced version.

(f) Same as introduced version.

(g) Substantially the same as introduced version.

(h) Substantially the same as introduced version.

~~the same manner as a Group A retirement pension under Sections 6.01(b) and (c), the old plan, or former Section 17(a) of this article [primary party's disability pension is subject to a qualified domestic relations order and the sum of the actuarial equivalents of the monthly benefits payable to the Group A primary party and the alternate payee is less than the actuarial equivalent of the minimum monthly Group A disability pension determined under Subsection (g) of this section, the Group A primary party's minimum monthly Group A disability pension will be increased so that the sum of the actuarial equivalents of the alternate payee's and the Group A primary party's minimum monthly Group A disability pension equals the amount determined under Subsection (g) of this section.~~

~~[(i) If a Group A pensioner who received a disability under Section 6.04(a) of this article, calculated in the same manner as a Group A retirement pension under Sections 6.01(b) and (c) of this article] before the completion of 20 years of pension service dies, the qualified survivors will receive a minimum Group A death benefit as provided under Subsection (c), (d), (e), or (f) of this section, as applicable, whichever is greatest.~~

SECTION 36. The heading to Section 6.10B, Article 6243a-1, Revised Statutes, is amended.

SECTION 37. Sections 6.10B(a), (b), (c), (d), (e), (f), (g), and (i), Article 6243a-1, Revised Statutes, are amended to read as follows:

(a) Except as provided by Section 6.063 of this article and Subsection [Subsections] (b) [and (h)] of this section and notwithstanding any benefit computation and determination to the contrary contained in this article, the minimum Group A benefits provided by this section shall be paid to any Group A primary party who elects to receive a Group A retirement pension under Section 6.01(e) of this article, Plan A, or former Section 14(b) of this article or to the primary party's qualified survivors~~[- The benefits under this section shall be distributed in accordance with Section 6.01(e), 6.04(b), or 6.07 of this article, as applicable]~~, except that a Group A

~~[(i)]~~ Substantially the same as introduced version.

SECTION 39. Same as introduced version.

SECTION 40. Sections 6.10B(a), (b), (c), (d), (e), (f), (g), and (i), Article 6243a-1, Revised Statutes, are amended to read as follows:

(a) Except as provided by Section 6.063 of this article and Subsection [Subsections] (b) [and (h)] of this section and notwithstanding any benefit computation and determination to the contrary contained in this article, the minimum Group A benefits provided by this section shall be paid to any Group A primary party who elects to receive a Group A retirement pension under Section 6.01(e) of this article, Plan A, or former Section 14(b) of this article or to the primary party's qualified survivors~~[- The benefits under this section shall be distributed in accordance with Section 6.01(e), 6.04(b), or 6.07 of this article, as applicable]~~, except that a Group A

primary party who elects to receive an actuarially reduced Group A retirement pension ~~[because of the primary party's request to receive a Group A retirement pension]~~ before ~~58~~ 55 years of age and the primary party's qualified survivors are not entitled to the ~~[Group A]~~ minimum benefits specified in ~~[under]~~ this section. An alternate payee is not entitled to the Group A minimum benefits specified in this section.

(b) A Group A primary party who elects ~~[elected]~~ to receive a Group A retirement pension under Section 6.01(e) of this article, Plan A, or former Section 14(b) of this article and who left active service with 20 or more years of pension service is entitled to receive a minimum ~~[Group A]~~ retirement pension equal to the greater of ~~\$2,200~~ (\$1,500) a month or ~~[(i)]~~ [(ii)] \$1,000 a month adjusted, if applicable, in the manner described by Section 6.12 ~~[6.12(a)]~~ of this article. ~~[If the Group A primary party's Group A retirement pension is subject to a qualified domestic relations order and the sum of the actuarial equivalents of the monthly benefits payable to the Group A primary party and the alternate payee is less than the actuarial equivalent of the minimum monthly Group A retirement pension described by this subsection, the Group A primary party's monthly Group A retirement pension will be increased so that the sum of the actuarial equivalents of the alternate payee's and the Group A primary party's monthly Group A retirement pension equals the actuarial equivalent of the minimum monthly Group A retirement pension calculated under this subsection.]~~

(c) In the absence of children who are [A] qualified survivors, a [surviving] spouse who is a qualified survivor of a Group A primary party who elects ~~[elected]~~ to receive a Group A retirement pension under Section 6.01(e) of this article, Plan A, or former Section 14(b) of this article, will receive a minimum monthly ~~[Group A]~~ death benefit equal to the greater of \$1,200 ~~[(i)]~~ [(ii)] \$750 a month or ~~[(ii)]~~ [(i)] \$500 a month adjusted, if applicable, in the manner described by Section 6.12 ~~[6.12(a)]~~ of this article.

(d) A spouse who is a qualified survivor ~~[surviving spouse]~~ of a Group A primary party who elects to receive a Group A

primary party who elects to receive an actuarially reduced Group A retirement pension ~~[because of the primary party's request to receive a Group A retirement pension]~~ before ~~58~~ 55 years of age and the primary party's qualified survivors are not entitled to the ~~[Group A]~~ minimum benefits specified in ~~[under]~~ this section. An alternate payee is not entitled to the Group A minimum benefits specified in this section.

(b) Same as introduced version.

(c) Substantially same as introduced version.

(d) Substantially same as introduced version.

retirement pension under Section 6.01(e) of this article, Plan A, or former Section 14(b) of this article, will receive, if there are children who are qualified survivors [~~surviving children~~], a minimum Group A death benefit equal to the greater of \$1,100 [(i) ~~\$750~~] a month or [(ii) ~~\$500~~] a month adjusted, if applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of this article. The children who are qualified survivors [~~surviving children~~], as a group, will receive a minimum [~~Group A~~] death benefit equal to the greater of \$1,100 [(iii) ~~\$750~~] a month or [(iv) ~~\$500~~] a month adjusted, if applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of this article, to be divided equally among them.

(e) In the absence of a spouse who is a qualified survivor [~~surviving spouse~~] of a Group A primary party who elected to receive a Group A retirement pension under Section 6.01(e) of this article, Plan A, or former Section 14(b) of this article, the [~~the qualified surviving children of a Group A~~] primary party's children who are qualified survivors [~~party~~], as a group, will receive a minimum Group A death benefit equal to the greater of \$1,100 [(i) ~~\$750~~] a month or [(ii) ~~\$500~~] a month adjusted, if applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of this article, to be divided equally among them.

(f) If there is neither a [~~In the absence of both a qualified surviving~~] spouse nor child who is a [~~and~~] qualified survivor [~~surviving children~~] of a Group A primary party who elected to receive a Group A retirement pension under Section 6.01(e) of this article, Plan A, or the former Section 14(b) of this article, each [~~qualified surviving~~] dependent parent who is a qualified survivor will receive a minimum Group A death benefit equal to the greater of \$1,100 [(i) ~~\$750~~] a month or [(ii) ~~\$500~~] a month adjusted, if applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of this article. If only one of them is surviving, that [~~the qualified surviving~~] dependent parent will receive a minimum Group A death benefit equal to the greater of \$1,100 [(iii) ~~\$750~~] a month or [(iv) ~~\$500~~] a month adjusted, if applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of this article.

(g) Notwithstanding the minimum monthly benefit as described in other subsections of

(e) Same as introduced version.

(f) Same as introduced version.

(g) Substantially same as introduced version.

this section, a Group A primary party who leaves active service on a non-service-connected [~~nonservice-connected~~] disability under Section 6.04(a) [~~6.04(b)(2)~~] of this article, Plan A, or former Section 17(b)(2) of this article, with less than 20 years of pension service shall receive a minimum monthly Group A disability pension equal to the greater of \$110 [~~(i) \$75~~] multiplied by the number of years of the primary party's pension service or [~~(ii)~~] \$50 multiplied by the number of years of the primary party's pension service, the product adjusted, if applicable, in the manner described by Section 6.12 [~~6.12(a)~~] of this article.

(i) If a Group A pensioner who received a non-service-connected [~~nonservice-connected~~] disability under Section 6.04(a) [~~6.04(b)(2)~~] of this article, Plan A, or former Section 17(b)(2) of this article, before the completion of 20 years of pension service dies, the qualified survivors will each receive the amount specified in Section 6.07 of this article or the minimum [~~monthly~~] Group A death benefit as provided under Subsection (c), (d), (e), or (f) of this section, as applicable, whichever is greatest.

SECTION 38. Sections 6.11, 6.12, and 6.13, Article 6243a-1, Revised Statutes, are amended to read as follows:

Sec. 6.11. MINIMUM BENEFITS TO GROUP B PRIMARY PARTIES AND THEIR QUALIFIED SURVIVORS. (a) Except as provided by Section 6.063 of this article or Subsections (b), (c), and (h) of this section and notwithstanding any benefit computation and determination to the contrary contained in this article, the minimum Group B benefits provided by this section shall be paid to any Group B primary party or the primary party's qualified survivors, except further that a Group B primary party who elects to receive an actuarially reduced [~~Group B~~] retirement pension [~~because of the primary party's request to receive the pension at or after age 45, but~~] before age 58, including a request for a benefit under Sections 6.02(c) and (d), [50] and the primary party's qualified survivors[;] or [~~an~~] alternate payee [~~of the primary party~~], are not entitled to the Group B minimum benefits specified by this section.

(i) If a Group A pensioner who received a non-service-connected [~~nonservice-connected~~] disability pension under Section 6.04(a) [~~6.04(b)(2)~~] of this article, Plan A, or former Section 17(b)(2) of this article before the completion of 20 years of pension service dies, the qualified survivors will each receive the amount specified in Section 6.07 of this article or the minimum [~~monthly~~] Group A death benefit as provided under Subsection (c), (d), (e), or (f) of this section, as applicable, whichever is greatest.

SECTION 41. Sections 6.11, 6.12, and 6.13, Article 6243a-1, Revised Statutes, are amended to read as follows:

Sec. 6.11. MINIMUM BENEFITS TO GROUP B PRIMARY PARTIES AND THEIR QUALIFIED SURVIVORS. (a) Except as provided by Section 6.063 of this article or Subsections (b), (c), and (h) of this section and notwithstanding any benefit computation and determination to the contrary contained in this article, the minimum Group B benefits provided by this section shall be paid to any Group B primary party or the primary party's qualified survivors, except further that a Group B primary party who elects to receive an actuarially reduced [~~Group B~~] retirement pension, including a request for a benefit under Sections 6.02(c) and (d) of this article, [because of the primary party's request to receive the pension at or after age 45, but before age 50] and the primary party's qualified survivors[;] or [~~an~~] alternate payee [~~of the primary party~~], are not entitled to the Group B minimum benefits specified by this section.

(b) If a Group B primary party leaves active service with 20 or more years of pension service, the Group B primary party is entitled to receive a Group B minimum retirement pension equal to the greater of \$2,200 ~~[(i) \$1,500]~~ a month or ~~[(ii)]~~ \$925 a month, which sum may (A) increase at the rate of \$5 a month for each year of pension service beyond 20 years, but the increase may not exceed \$75 and (B) be adjusted, if applicable, in the manner described by Section 6.12 ~~[6.12(a)]~~ of this article. ~~[If a Group B primary party's Group B retirement pension is or becomes subject to a qualified domestic relations order and the sum of the actuarial equivalents of the monthly Group B retirement pension payable to the Group B primary party and the alternate payee is less than the actuarial equivalent of the minimum monthly Group B retirement pension as calculated under this subsection, the Group B primary party's monthly Group B retirement pension will be increased so that the sum of the actuarial equivalents of both the alternate payee's and the Group B primary party's Group B retirement pensions equals the actuarial equivalent of the minimum monthly Group B retirement pension as calculated under this subsection.]~~

(c) If a Group B primary party leaves active service with less than 20 years of pension service, the primary party is entitled to receive a minimum monthly Group B retirement pension equal to the greater of:

(1) \$2,200 ~~[(i) \$1,500]~~ a month divided by 20 and multiplied by the Group B primary party's number of years of pension service; or

(2) ~~[(ii)]~~ \$925 a month divided by 20 and multiplied by the Group B primary party's number of years of pension service, which amount is then adjusted, if applicable, in the manner described by Section 6.12 ~~[6.12(a)]~~ of this article. ~~[If a Group B primary party's retirement pension is or becomes subject to a qualified domestic relations order and the sum of the actuarial equivalents of the monthly Group B retirement pension payable to the Group B primary party and the alternate payee is less than the actuarial equivalent of the monthly retirement pension as calculated under this subsection, the Group B primary party's monthly Group B retirement pension will be increased so~~

(b) Same as introduced version.

(c) Same as introduced version.

~~that the sum of the actuarial equivalents of the alternate payee's and the Group B primary party's monthly Group B retirement pensions equals the actuarial equivalent of the minimum monthly Group B retirement pension as calculated under this subsection.]~~

(d) In the absence of children who are qualified survivors, a spouse who is a ~~[surviving children, the]~~ qualified survivor ~~[surviving spouse]~~ of a Group B primary party will receive a minimum Group B death benefit equal to the greater of:

~~(1) \$1,200 [(i) \$750] a month; or~~

~~(2) [(ii)] \$600 a month adjusted, if applicable, in the manner described by Section 6.12 [6.12(a)] of this article.~~

(e) A spouse who is a qualified survivor ~~[surviving spouse]~~ of a Group B primary party ~~[will receive]~~, if there are children who are qualified survivors ~~[surviving children]~~, will receive ~~[the greater of a minimum Group B death benefit of 50 percent of the primary party's minimum monthly Group B retirement pension described by Subsection (b) or (c) of this section, whichever is applicable. The qualified surviving children, as a group, will receive the greater of]~~ a minimum ~~[monthly]~~ Group B death benefit of \$1,100 a month ~~[50 percent of the minimum monthly Group B retirement pension described by Subsection (b) or (c) of this section, whichever is applicable, to be divided equally among them].~~

(f) ~~The [In the absence of a qualified surviving spouse, the qualified surviving]~~ children who are qualified survivors of a Group B primary party, as a group, will receive a minimum Group B death benefit equal to the greater of \$1,100 [(i) \$750] a month or [(ii)] \$600 a month adjusted, if applicable, in the manner described by Section 6.12 [6.12(a)] of this article, to be divided equally between them.

(g) If there is neither a [In the absence of either a qualified surviving] spouse nor a child who is a [or] qualified survivor [surviving children], each [qualified surviving] dependent parent who is a qualified survivor of the deceased Group B primary party will receive a minimum death benefit of \$1,100 a month [Group B minimum death benefit equal to the greater of 50 percent of the Group B primary party's minimum monthly Group B retirement

(d) Same as introduced version.

(e) Same as introduced version.

(f) Same as introduced version.

(g) Same as introduced version.

~~pension described by Subsection (b) or (c) of this section, whichever is applicable. If only one qualified surviving dependent parent is surviving, the parent will receive a Group B minimum death benefit of 50 percent of the minimum monthly Group B retirement pension described by Subsection (b) or (c) of this section, whichever is applicable].~~

(h) Notwithstanding the minimum monthly ~~[Group B]~~ retirement pension otherwise described by this section, a Group B primary party who left active service on a non-service-connected

~~[nonservice-connected] disability with less than 20 years of pension service will receive a minimum monthly [Group B] disability pension equal to the greater of \$110 [(+) \$75] multiplied by the number of years of the primary party's pension service or [(+)] \$46.25 multiplied by the number of years of the primary party's pension service, the product adjusted in the manner, if applicable, described by Section 6.12 [6.12(a)] of this article. [If the Group B primary party's Group B disability pension is or becomes subject to a qualified domestic relations order and the sum of the actuarial equivalents of the monthly Group B disability pension payable to the Group B primary party and the alternate payee is less than the actuarial equivalent of the monthly disability pension as calculated under this subsection, the Group B primary party's monthly Group B disability pension will be increased so that the sum of the actuarial equivalents of the alternate payee's and the Group B primary party's monthly Group B disability pensions equals the actuarial equivalents of the minimum monthly Group B disability pension as calculated under this subsection.] If a Group B primary party who was receiving a non-service-connected ~~[nonservice-connected Group B]~~ disability pension before the completion of 20 years pension service dies, the qualified survivors will receive the amount specified in Section 6.08 of this article, or the ~~[Group B]~~ minimum monthly death benefits granted to qualified survivors as provided by Subsections (d), (e), (f), and (g) of this section, as applicable, whichever is greater.~~

Sec. 6.12. ADJUSTMENTS TO RETIREMENT AND DISABILITY PENSION BENEFITS. (a) This section

(h) Same as introduced version.

Sec. 6.12. ADJUSTMENTS TO RETIREMENT AND DISABILITY PENSION BENEFITS. (a) This section

applies to the following benefits provided under this article:

(1) [Annually on the first day of October,] a retirement pension calculated under Section 6.01(e) [Section 6.01] or 6.02 of this article;

(2) [;] a disability pension calculated under Section 6.04 of this article, other than under Section 6.04(a) of this article;

(3) periodic disability compensation benefit under Section [ø] 6.05 of this article, other than Section 6.05(b-1) of this article; [;] or

(4) a death benefit calculated under:

(A) Section 6.07 of this article, if calculated in the manner of a retirement pension under Section 6.01(e) of this article or in the manner of a disability compensation benefit under Section 6.05(b-1) of this article; or

(B) Section 6.08 of this article currently in pay status, or pending board approval on the last day of September [; will be increased by an amount equal to four percent, not compounded, of the original amount of the retirement or disability pension or death benefit].

(b) Except as provided by Subsection (d) of this section, annually on the first day of October, the pension system shall increase the base pension of a benefit described by Subsection (a) of this section by a percentage equal to the average annual rate of actual investment return of the pension system for the five-year period ending on the December 31 preceding the effective date of the adjustment less five percent.

(c) An adjustment under this section may not exceed four percent of the applicable base pension benefit.

(d) The pension system may only make an adjustment to benefits under this section if the amount of the pension system's market value of assets divided by the amount of the pension system's actuarial accrued liabilities, after giving effect to the adjustment, is not less than .70.

(e) No equivalent provision.

(e) The following persons may not receive

applies to the following benefits provided under this article:

(1) [Annually on the first day of October,] a retirement pension calculated under Section 6.01(e) [Section 6.01] or 6.02 of this article;

(2) [;] a disability pension calculated under Section 6.04 of this article, other than under Section 6.04(a) of this article;

(3) periodic disability compensation benefit under Section [ø] 6.05 of this article, other than Section 6.05(b-1) of this article; [;] or

(4) a death benefit calculated under:

(A) Section 6.07 of this article, if calculated in the manner of a retirement pension under Section 6.01(e) of this article or in the manner of a disability compensation benefit under Section 6.05(b) of this article; or

(B) Section 6.08 of this article currently in pay status, or pending board approval on the last day of September [; will be increased by an amount equal to four percent, not compounded, of the original amount of the retirement or disability pension or death benefit].

(b) Except as provided by Subsection (d) of this section, annually on the first day of October, the pension system shall increase the base pension of a benefit described by Subsection (a) of this section by a percentage equal to the average annual rate of actual investment return of the pension system for the five-year period ending on the December 31 preceding the effective date of the adjustment less five percent.

(c) An adjustment under this section may not be less than zero percent or exceed four percent of the applicable base pension benefit.

(d) The pension system may only make an adjustment to benefits under this section if the ratio of the amount of the pension system's market value of assets divided by the amount of the pension system's actuarial accrued liabilities, after giving effect to the adjustment, is not less than .70.

(e) For purposes of Subsection (d) of this section, the amount of the pension system's market value of assets and the amount of the pension system's actuarial accrued liabilities shall be based on and determined as of the date of the most recently completed actuarial valuation.

(f) Same as introduced version.

an adjustment under this section:

(1) a member on active service, including a DROP participant;

(2) a pensioner until the first October 1 occurring after both the pensioner's retirement and the earlier of:

(A) the date the pensioner reaches 62 years of age; or

(B) the third anniversary of the date the pensioner retired; or

(3) a qualified survivor until the first October 1 occurring after the earlier of:

(A) the date the qualified survivor reaches 62 years of age;

(B) the third anniversary of the date the primary party retired; or

(C) the third anniversary of the date of the member's or pensioner's death.

(f) [(b)] A [Group B] retirement or [Group B] disability pension or periodic disability compensation paid to any Group B pensioner may not be less than the Group B pensioner's base pension.

(g) The death benefit of the qualified survivors who are the [a Group B qualified surviving] spouse, [Group B qualified surviving] dependent parent, or child of a Group B pensioner [parents, as a group, or Group B qualified surviving children], as a group, may not be less than 50 percent of the [a Group B] pensioner's base pension.

Sec. 6.13. SUPPLEMENT TO CERTAIN RECIPIENTS 62 [55] YEARS OF AGE OR OLDER. If a pensioner had at least 20 years of pension service under any plan adopted pursuant to Article 6243a or this article, or if a pensioner is receiving the periodic [a service-connected] disability compensation benefit under Section 6.05 of this article [pension], the pensioner, the pensioner's [qualified surviving] spouse who is a qualified survivor eligible to receive benefits under this article, or the pensioner's [qualified surviving] children who are qualified survivors, as a group, under Section 6.06 [6.06(e)] of this article are entitled to receive, when the pensioner or spouse who is a qualified survivor [surviving spouse] attains 62 [55] years of age, [the greater of] a monthly supplement equal to the greater of \$50 or three percent of their total monthly benefit, [and] for months [years] beginning on and after January 1, 1991, and ending on August 31, 2017, a [the] monthly supplement [will be]

(g) Same as introduced version.

(h) Same as introduced version.

Sec. 6.13. SUPPLEMENT TO CERTAIN RECIPIENTS 55 YEARS OF AGE OR OLDER. (a) Except as provided by Subsection (b) of this section, if [H] a pensioner had at least 20 years of pension service under any plan adopted pursuant to Article 6243a or this article, or if a pensioner is receiving the periodic [a service-connected] disability compensation benefit under Section 6.05 of this article [pension], the pensioner, the pensioner's [qualified surviving] spouse who is a qualified survivor eligible to receive benefits under this article, or the pensioner's [qualified surviving] children who are qualified survivors, as a group, under Section 6.06 [6.06(e)] of this article are entitled to receive, when the pensioner or spouse who is a qualified survivor [surviving spouse] attains 55 years of age, provided the pensioner or spouse attains 55 years of age before September 1, 2017, [the greater of] a monthly supplement equal to the greater of \$50 or three percent of their

equal to the greater of \$75 or three percent of their total monthly benefit, and for months beginning after August 31, 2017, a monthly supplement equal to zero. For purposes only of calculating this supplement, the phrase "their total monthly benefit" means the amount payable to a pensioner or qualified survivors under the terms of the plans described by this section under which the pensioner or qualified survivor elected to receive benefits but does not include the supplement authorized by this section or any adjustments under Section 6.12 of this article made after September 1, 2017.

No equivalent provision.

SECTION 39. Section 6.14, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), (c), (d), (e), (f), (g), (h), and (j) and adding Subsections (e-1), (e-2), (e-3), (f-1), (g-1), (l), (m), (n), and (o) to read as follows:

(a) A [In lieu of either leaving active service and commencing a retirement pension as provided for under Section 6.01 or 6.02 of this article, whichever is applicable, or remaining in active service and continuing to accrue additional pension benefits as provided under Section 6.01 or 6.02, a] member who remains on active service after becoming [is] eligible to receive a [an unreduced] retirement pension under either Section 6.01 or 6.02 of this article may [remain in active service,] become a participant in the deferred retirement option plan [Deferred Retirement Option Plan ("DROP")] in accordance with Subsections (b) and (c) of this section, and defer the beginning of the person's retirement pension. Once an election to participate in the DROP has been made, the election continues in effect at least as long as the member remains in active service. On leaving active service, the member may: (1) apply for a retirement pension under Sections 6.01(b) and (c), Section 6.01(e), or Sections 6.02(b), (c), (d), or (e) [Section 6.02] of this article, whichever is applicable,

total monthly benefit[;] and for months [years] beginning on and after January 1, 1991, a [the] monthly supplement [will be] equal to the greater of \$75 or three percent of their total monthly benefit. For purposes only of calculating this supplement, the phrase "their total monthly benefit" means the amount payable to a pensioner or qualified survivors under the terms of the plans described by this section under which the pensioner or qualified survivor elected to receive benefits but does not include the supplement authorized by this section or any adjustments under Section 6.12 of this article made after September 1, 2017.

(b) A person described by Subsection (a) of this section who, on September 1, 2017, is not receiving or has not received a supplemental benefit under this section is not entitled to receive a supplemental benefit under this section.

SECTION 42. Section 6.14, Article 6243a-1, Revised Statutes, is amended by amending Subsections (a), (b), (c), (d), (e), (f), (g), (h), and (j) and adding Subsections (e-1), (e-2), (e-3), (e-4), (f-1), (g-1), (l), (m), (n), and (o) to read as follows:

(a) A [In lieu of either leaving active service and commencing a retirement pension as provided for under Section 6.01 or 6.02 of this article, whichever is applicable, or remaining in active service and continuing to accrue additional pension benefits as provided under Section 6.01 or 6.02, a] member who remains on active service after becoming [is] eligible to receive a [an unreduced] retirement pension under either Section 6.01 or 6.02 of this article may [remain in active service,] become a participant in the deferred retirement option plan [Deferred Retirement Option Plan ("DROP")] in accordance with Subsections (b) and (c) of this section, and defer the beginning of the person's retirement pension. Once an election to participate in the DROP has been made, the election continues in effect at least as long as the member remains in active service. On leaving active service, the member may: (1) apply for a retirement pension under Sections 6.01(b) and (c), Section 6.01(e), or Sections 6.02(b), (c), (d), or (e) [Section 6.02] of this article, whichever is applicable,

together with any DROP benefit provided under this section; or

(2) continue to participate in DROP in accordance with Subsection (g) of this section.

(b) The election to participate in the DROP shall be made in accordance with procedures set forth in any uniform and nondiscriminatory election form adopted by the board and in effect from time to time. To determine the proper amount to be credited to a member's DROP account, the election shall indicate whether the member desires to receive a retirement pension under Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02(b), (c), (d), or (e) [6.02] of this article, whichever is applicable. The election may be made at any time on or after the date the member becomes eligible for a [an unreduced] retirement pension as provided by this subsection. The election [under Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02 of this article, whichever is applicable, and] becomes effective on the first day of the first month on or after the date on which the member makes the election, except that an election that would otherwise have been effective on October 1, 1993, and every October 1 after that date, is considered, for purposes of this section and Section 6.12 of this article, to be effective on September 30 of the year in which it would otherwise have been effective. On and after the effective date of the election, the member will no longer be eligible for any refund of [make member] contributions [to the fund, notwithstanding Section 4.03(b) or (f) of this article, whichever is applicable]. The election by one or more members to participate in the DROP has no effect on the amount of city contributions to the fund under Section 4.02 of this article.

(c) Each month after a member has made an election to participate in the DROP and indicated a desire to receive a retirement pension under Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02(b), (c), (d), or (e) [Section 6.02] of this article, whichever is applicable, and through the month before the month in which [until] the member leaves active service, an amount equal to the retirement pension the member

together with any DROP benefit provided under this section; or

(2) continue to participate in DROP except the member is ineligible for disability benefits described by Subsection (g-1) of this section.

(b) Same as introduced version.

(c) Each month after a member has made an election to participate in the DROP and indicated a desire to receive a retirement pension under Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02(b), (c), (d), or (e) [Section 6.02] of this article, whichever is applicable, and through the month before the month in which [until] the member leaves active service, an amount equal to the retirement pension the member

would have received under the [Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02, whichever is] applicable subsection[.] for that month if the member had left active service and been granted a retirement pension by the board on the effective date of DROP participation shall be credited [transferred] to a separate DROP account maintained within the fund for the benefit of the member. The monthly contribution amount is not subject to adjustment under Section 6.12 of this article. Amounts held in the DROP account of a member [member's DROP account] shall be credited at the end of each calendar month [with interest at a rate that will approximately equal one twelfth of the annual rate assumed by the pension system's qualified actuary and approved by the board as the assumed actuarial rate of return for the fund]. Notwithstanding this section, effective January 1, 2018, members on active service who have 10 years or more of participation in DROP shall no longer have the amount of their retirement pension credited to the member's DROP account while the member is on active service.

(d) A [On leaving active service and on the board's grant of a retirement pension, a] member may not [who participates in DROP shall begin to] receive a [the balance in the person's DROP account under one of the following methods of] distribution from the member's DROP account while the member is on active service [elected by the member:  
[1] a single sum distribution made at a time selected by the member but not later than April 1 of the year after the member attains 70 1/2 years of age;  
[2] an annuity to be paid in equal monthly payments for the life of the member, or for the life of the member and a designated beneficiary in the same manner as a retirement pension computed under Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02 of this article, whichever is applicable, determined as of the date the member leaves active service based on the person's account balance and age and the age of the designated beneficiary, if applicable, on that date and using the mortality and earnings assumptions being used on that date by the pension system's qualified actuary and approved by the board as the assumed

would have received under the [Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02, whichever is] applicable subsection[.] for that month if the member had left active service and been granted a retirement pension by the board on the effective date of DROP participation shall be credited [transferred] to a separate DROP account maintained within the fund for the benefit of the member. Amounts held in the DROP account of a member [member's DROP account] shall be credited at the end of each calendar month [with interest at a rate that will approximately equal one twelfth of the annual rate assumed by the pension system's qualified actuary and approved by the board as the assumed actuarial rate of return for the fund]. Notwithstanding this section, effective January 1, 2018, a member on active service who has 10 years or more of participation in DROP shall no longer have the amount of the member's retirement pension credited to the member's DROP account while the member is on active service.

(d) Same as introduced version.

actuarial rate of return for the fund; or  
~~[(3) substantially equal monthly or annual payments of the person's account balance beginning at a time selected by the member that is on or before April 1st of the year after the member attains 70 1/2 years of age and extending over a fixed period that does not exceed the life expectancy of the member, or the life expectancy of the member and the member's designated beneficiary, if applicable].~~

(e) Except as provided by Subsections (e-1) and (l) of this section, the balance in the [The] DROP account [balance] of a member who terminated from active service on or before September 1, 2017, or who terminates from active service shall be distributed to the member in the form of an annuity by annuitizing the amount credited to the DROP account over the life expectancy of the member using mortality tables recommended by the pension system's qualified actuary. The annuity shall be distributed as of the later of, as applicable:

- (1) the date the member retires and is granted a retirement pension; or
- (2) September 1, 2017 [elects the method of distribution described by Subsection (d)(3) of this section shall be credited with interest on the unpaid balance at the end of each calendar month in the same manner as is prescribed by Subsection (e) of this section].

(e-1) The board may adopt a shorter period for annuitizing DROP account balances under Subsection (e) of this section if the pension system's qualified actuary determines that the shorter period will not cause the pension system's amortization period to exceed 25 years [A member may change a distribution election at any time before the member attains 70 1/2 years of age to receive one or more additional payments or to accelerate or delay any payment not then due, if the change is communicated to the plan administrator, in accordance with procedures then in effect, not less than 30 days before the day it is to take effect and if the change does not result in a failure of the distributions to satisfy the requirements of Section 401(a)(9) of the code].

(e) Except as provided by Subsections (e-1) and (l) of this section, the balance in the [The] DROP account [balance] of a member who terminated from active service on or before September 1, 2017, or who terminates from active service shall be distributed to the member in the form of an annuity by annuitizing the amount credited to the DROP account over the life expectancy of the member as of the date of the annuitization using mortality tables recommended by the pension system's qualified actuary. The annuity shall be distributed beginning as promptly as administratively feasible after the later of, as applicable:

- (1) the date the member retires and is granted a retirement pension; or
- (2) September 1, 2017 [elects the method of distribution described by Subsection (d)(3) of this section shall be credited with interest on the unpaid balance at the end of each calendar month in the same manner as is prescribed by Subsection (e) of this section].

(e-1) Same as introduced version.

(e-2) The annuitization of a DROP account under Subsection (e) of this section must reflect the accrual of interest on the amount in the DROP account as of September 1, 2017, over the annuitization period applied to the account under this section. The interest rate applied under this subsection must be a reasonable rate, as determined by the board, equal to the interest rate on the 10-year note issued by the United States Department of the Treasury or other federal treasury note. The portion of an annuity attributable to amounts credited to a member's DROP account on or after September 1, 2017, may not reflect the accrual of this interest on annuitization.

(e-3) The board may by rule allow a DROP participant who has terminated active service and who is eligible for a retirement pension to:

(1) assign the distribution from the participant's annuitized DROP account to a third party provided the pension system receives a favorable private letter ruling from the Internal Revenue Service ruling that such an assignment will not negatively impact the system's qualified plan status; and

(2) in the event of an unforeseeable emergency, as determined by the board, obtain a lump-sum distribution from the participant's DROP account instead of an annuity.

No equivalent provision.

(f) The board may adopt rules and policies relating to the administration of Subsections (e), (e-1), and (e-2) of this section if the rules and policies are:

(1) consistent with the qualification of the plan under Section 401 of the code; and

(2) in the best interest of the pension system [Any election made in accordance with Subsection (d) of this section may be changed at any time before leaving active service to any other election permitted by

(e-2) The annuitization of a DROP account under Subsection (e) of this section must reflect the accrual of interest on the amount in the DROP account as of September 1, 2017, over the annuitization period applied to the account under this section. The interest rate applied under this subsection must be a rate as reasonably equivalent as practicable to the interest rate on a note issued by the United States Department of the Treasury or other federal treasury note with a duration that is reasonably comparable to the annuitization period applied to the account, as determined by the board. The portion of an annuity attributable to amounts credited to a member's DROP account on or after September 1, 2017, may not reflect the accrual of this interest on annuitization.

(e-3) The board may by rule allow a DROP participant who has terminated active service and who is eligible for a retirement pension to:

(1) assign the distribution from the participant's annuitized DROP account to a third party provided the pension system receives a favorable private letter ruling from the Internal Revenue Service ruling that such an assignment will not negatively impact the pension system's qualified plan status; and

(2) subject to Subsection (e-4) of this section, in the event of an unforeseeable emergency or hardship obtain a lump-sum distribution from the participant's DROP account resulting in a corresponding reduction in the total number or in the amount of annuity payments.

(e-4) The board shall adopt rules necessary to implement Subsection (e-3)(2) of this section, including rules regarding what constitutes an unforeseeable emergency or hardship.

(f) Same as introduced version.

~~that subsection, subject to the requirements for spousal consent, in Section 6.14(d)(1), if applicable].~~

(f-1) The DROP account of a member who begins participating in DROP on or after September 1, 2017, does not accrue interest.

(g) The provisions of Sections 6.06, 6.061, 6.062, 6.063, 6.07, and 6.08 of this article pertaining to death benefits of a qualified survivor do not apply to amounts held in a member's or pensioner's DROP account [; and the class of persons eligible to become qualified survivors of a member closes on the effective date of the member's participation in DROP]. Instead, a member or pensioner who participates in DROP may designate a beneficiary to receive the balance of the member's or pensioner's DROP account in the event of the member's death in any [the following] manner allowed by Subsection (e-3) of this article, Section 401(a)(9) of the code, and any policy adopted by the board. A member or pensioner who is or becomes married is considered to have designated the member's or pensioner's spouse as the member's or pensioner's beneficiary, notwithstanding any prior beneficiary designation, unless the member or pensioner has made a different designation in accordance with a policy adopted by the board. If a member or pensioner does not have a spouse or the spouse predeceases the member or pensioner, the member's or pensioner's, as applicable, DROP account will be distributed to the member's or pensioner's, as applicable, designee. Notwithstanding anything in this section to the contrary, if a member or pensioner has previously designated the member's or pensioner's spouse as the beneficiary or co-beneficiary of the DROP account and the member or pensioner and spouse are subsequently divorced, the divorce automatically results in the invalidation of the designation of the spouse as a beneficiary and, if there is no additional beneficiary designated, the member's or pensioner's DROP account shall be distributed as provided by Subsection (e) of this section. If there are beneficiaries who survive the deceased member or pensioner, the surviving beneficiaries share equally in that portion that would have otherwise been payable to the former spouse. [;

(f-1) Same as introduced version.

(g) The provisions of Sections 6.06, 6.061, 6.062, 6.063, 6.07, and 6.08 of this article pertaining to death benefits of a qualified survivor do not apply to amounts held in a member's or pensioner's DROP account [; and the class of persons eligible to become qualified survivors of a member closes on the effective date of the member's participation in DROP]. Instead, a member or pensioner who participates in DROP may designate a beneficiary to receive the annuity payments under this section over the remaining annuitization period [balance of the member's DROP account] in the event of the member's or pensioner's death subject to any rights provided under Subsection (e-3) of this section and in the [following] manner allowed by Section 401(a)(9) of the code and any policy adopted by the board. A member or pensioner who is or becomes married is considered to have designated the member's or pensioner's spouse as the member's or pensioner's beneficiary, notwithstanding any prior beneficiary designation, unless the member or pensioner has made a different designation in accordance with a policy adopted by the board. If a member or pensioner does not have a spouse or the spouse predeceases the member or pensioner, the member's or pensioner's, as applicable, DROP account will be distributed to the member's or pensioner's, as applicable, designee. Notwithstanding anything in this section to the contrary, if a member or pensioner has previously designated the member's or pensioner's spouse as the beneficiary or co-beneficiary of the DROP account and the member or pensioner and spouse are subsequently divorced, the divorce automatically results in the invalidation of the designation of the spouse as a beneficiary and, if there is no additional beneficiary designated, the member's or pensioner's DROP account shall be distributed as provided by Subsection (e) of this section. If there are beneficiaries who survive the deceased member or pensioner, the surviving beneficiaries share equally in

~~[(1) The beneficiary designation must be made on an election form adopted by the board and in effect from time to time and in accordance with the conditions on the form, except that if the member is married, the designation of a beneficiary other than the member's spouse is valid only if the spouse consents to the designation at the time, in the manner, and on the consent form as is adopted by the board and in effect from time to time.~~

~~[(2) If a member who participates in DROP dies while in active service or before the beginning of the member's DROP account, distributions will begin no more than one year after the date of the member's death under a method described by Subsection (d) of this section and shall be completed within the life, or life expectancy, of the designated beneficiary.~~

~~[(3) If a member who participates in DROP dies after having begun to receive distributions in accordance with Subsection (d) of this section, the balance in the member's DROP account shall continue to be distributed to the member's designated beneficiary or other person described by Subdivision (4) of this subsection in accordance with any elections that had been made under Subsection (d) of this section.~~

~~[(4) If the deceased member has not designated a beneficiary or has designated a beneficiary but not a method of distribution, the member's DROP account shall be distributed in a single sum payment as soon as administratively feasible after the member's death to the beneficiary if one was designated and otherwise to the spouse if the member was married at the time of death or, if the member was not married, to the member's estate.]~~

(g-1) [(5)] A member who [participates in DROP] becomes a DROP participant is ineligible for any disability benefits described by Section [Sections] 6.03, 6.04, or [and] 6.05 of this article, but is entitled to [instead, on the board's acknowledgment of a disability that would otherwise qualify the member for disability benefits, the board shall grant] a retirement pension in accordance with Sections 6.01(b) and (c), Section 6.01(e), or Section 6.02 of this

that portion that would have otherwise been payable to the former spouse. [:

~~[(1) The beneficiary designation must be made on an election form adopted by the board and in effect from time to time and in accordance with the conditions on the form, except that if the member is married, the designation of a beneficiary other than the member's spouse is valid only if the spouse consents to the designation at the time, in the manner, and on the consent form as is adopted by the board and in effect from time to time.~~

~~[(2) If a member who participates in DROP dies while in active service or before the beginning of the member's DROP account, distributions will begin no more than one year after the date of the member's death under a method described by Subsection (d) of this section and shall be completed within the life, or life expectancy, of the designated beneficiary.~~

~~[(3) If a member who participates in DROP dies after having begun to receive distributions in accordance with Subsection (d) of this section, the balance in the member's DROP account shall continue to be distributed to the member's designated beneficiary or other person described by Subdivision (4) of this subsection in accordance with any elections that had been made under Subsection (d) of this section.~~

~~[(4) If the deceased member has not designated a beneficiary or has designated a beneficiary but not a method of distribution, the member's DROP account shall be distributed in a single sum payment as soon as administratively feasible after the member's death to the beneficiary if one was designated and otherwise to the spouse if the member was married at the time of death or, if the member was not married, to the member's estate.]~~

(g-1) Same as introduced version.

article, whichever is applicable, on termination from active service, and ~~the member~~ is also entitled to receive annuity payments ~~[both a retirement pension and a distribution of the DROP account]~~ in accordance with Subsection ~~(e)~~ ~~(d)~~ of this section.

(h) The base pay or computation pay, whichever is applicable, in effect as of the effective date of a ~~[Group A]~~ member's participation in DROP shall be used in calculating the member's ~~[Group A]~~ retirement pension under Section 6.01 or 6.02 of this article. A ~~[Group A]~~ member who elects to participate in DROP does not accrue additional pension service for purposes of computing a ~~[the Group A]~~ retirement pension ~~[provided under Section 6.01(e) of this article]~~ for any period after the effective date of the election.

(j) Except as provided by Subsection (l) of this section, if [H] a pensioner who has been a [participated in] DROP participant returns to active service, the person must [onee again] become a participant in DROP under the terms and conditions in effect at the time of [the person's] return to active service.

(l) Notwithstanding any other provision of this section and except as provided by Subsection (o) of this section, a member who has entered DROP before June 1, 2017, may revoke the DROP election at any time on or after September 1, 2017, and before the earlier of:

(1) February 28, 2018; or

(2) the member's termination of active service.

(m) If a member revokes participation in DROP under Subsection (l) of this section:

(1) the member's DROP account balance is eliminated; and

(2) the member shall receive pension service credited for all or a portion of the period of the revoked DROP participation on payment of the required contributions for the period of the revoked DROP participation in accordance with a uniform and nondiscriminatory procedure adopted by the board that results in the payment of the amount of member contributions that would have been made if the member had never participated in DROP.

(n) A member who revokes the member's DROP election under Subsection (l) of this section is entitled to only a monthly pension

(h) Same as introduced version.

(j) Same as introduced version.

(l) Same as introduced version.

(m) Same as introduced version.

(n) A member who revokes the member's DROP election under Subsection (l) of this section is entitled to only a monthly pension

computed on the basis of the member's pension service, including pension service purchased under Subsection (m) of this section:

(1) average computation pay at the time of leaving active service, if the member is a Group B member; or

(2) as provided by Section 6.01(b) of this article, if the member is a Group A member.

(o) A member may not revoke DROP participation under Subsection (l) of this section if any money has been transferred out of the member's DROP account.

SECTION 40. Sections 6.15(a), (b), and (e), Article 6243a-1, Revised Statutes, are amended to read as follows:

(a) The board may require the following pensioners receiving a disability pension or a periodic disability compensation benefit to appear and undergo a medical examination by the health director or, if the health director approves, by any licensed medical practitioner, to determine if the pensioner's disability continues or has been removed to the extent that the pensioner is able to resume duties with the department:

(1) any Group A pensioner who has served less than 20 years;

(2) any Group A pensioner who elected a Group A ~~[B]~~ disability pension under Section 6.04(a) ~~[6.04(e)]~~ of this article, or a non-service-connected disability pension under Plan A or former Section 17(b)(2) of this article, and who had ~~[has served]~~ more than 20 years of pension service, but is less than 62 ~~[55]~~ years of age; and

(3) any Group B pensioner who was granted ~~[elected]~~ a Group B disability pension under Section 6.04 of this article or periodic disability compensation under Section 6.05 of this article or a disability pension under the terms of Plan B and is less than 58 ~~[50]~~ years of age.

(b) Any medical examination under this section is subject to the following conditions:

(1) Except as otherwise provided by this section, the board has complete discretion to require a pensioner to appear and undergo a

computed on the basis of the member's pension service, including pension service purchased under Subsection (m) of this section:

(1) that is based on the member's average computation pay at the time of leaving active service, if the member is a Group B member; or

(2) as provided by Section 6.01(b) of this article, if the member is a Group A member.

(o) Same as introduced version.

SECTION 43. Sections 6.15(a), (b), and (e), Article 6243a-1, Revised Statutes, are amended to read as follows:

(a) The board may require the following pensioners receiving a disability pension or a periodic disability compensation benefit to appear and undergo a medical examination by the health director or, if the health director approves, by any licensed medical practitioner, to determine if the pensioner's disability continues or has been removed to the extent that the pensioner is able to resume duties with the department:

(1) any Group A pensioner who has served less than 20 years;

(2) any Group A pensioner who elected a Group A ~~[B]~~ disability pension under Section 6.04 ~~[6.04(e)]~~ of this article, periodic disability compensation under Section 6.05 of this article, or a non-service-connected disability pension under Plan A or former Section 17(b)(2) of this article, and who had ~~[has served]~~ more than 20 years of pension service, but is less than 55 years of age; and

(3) any Group B pensioner who was granted ~~[elected]~~ a Group B disability pension under Section 6.04 of this article or periodic disability compensation under Section 6.05 of this article or a disability pension under the terms of Plan B and is less than 50 years of age.

(b) Same as introduced version.

medical examination as well as the time that may pass between examinations. When it becomes clear to the board from reliable medical evidence that the disability is unequivocally permanent and is not expected to diminish, the board may waive ~~[not require]~~ subsequent examinations.

(2) A pensioner may not be required to undergo a medical examination more often than once in a six-month period, except that the board may order the pensioner to undergo an examination at any time if the board has reason to believe the pensioner's disability has been removed and that the pensioner may be able to resume duties with the pensioner's former department or if the pensioner requests to be allowed to return to duty.

(3) If a pensioner fails to undergo an examination after being notified by the board that the examination is required, the board may discontinue disability benefits until the pensioner has undergone the examination and the results of the examination have been sent to the board.

(4) If the pensioner is examined by an approved outside medical practitioner other than the health director, the reasonable and customary cost of the examination, if any, is payable from the assets of the fund.

(e) Pursuant to its authority under Section 6.06(n) ~~[6.06(o)]~~ of this article to review and modify any funding relating to the disability of a child who is a qualified survivor ~~[surviving child's handicap]~~, the board may require such ~~[a handicapped]~~ qualified survivor with a disability ~~[surviving child]~~ receiving death benefits to appear and undergo medical examination by the health director or, if the health director approves, by any licensed medical practitioner, to determine if the disability ~~[handicap]~~ continues or if the disability ~~[handicap]~~ has been removed.

SECTION 41. Sections 6.16, 6.18, and 6.19, Article 6243a-1, Revised Statutes, are amended.

SECTION 42. Part 6, Article 6243a-1, Revised Statutes, is amended by adding Sections 6.20 and 6.21 to read as follows:  
Sec. 6.20. ERRONEOUS PAYMENTS OR OVERPAYMENTS. (a) If the pension system pays money to any person not

(e) Pursuant to its authority under Section 6.06(o-2) ~~[6.06(o)]~~ of this article to review and modify any funding relating to the disability of a child who is a qualified survivor ~~[surviving child's handicap]~~, the board may require the ~~[a handicapped]~~ qualified survivor with a disability ~~[surviving child]~~ receiving death benefits to appear and undergo medical examination by the health director or, if the health director approves, by any licensed medical practitioner, to determine if the disability ~~[handicap]~~ continues or if the disability ~~[handicap]~~ has been removed.

SECTION 44. Same as introduced version.

SECTION 45. Part 6, Article 6243a-1, Revised Statutes, is amended by adding Section 6.20 to read as follows:  
Sec. 6.20. ERRONEOUS PAYMENTS OR OVERPAYMENTS. (a) If the pension system pays money to any person not

entitled to the payment, whether by reason of an error of the pension system as to entitlement to or the amount of a benefit or otherwise, or an error of some other person, including the recipient of the payment, the recipient of the payment holds the funds to which the recipient was not entitled in constructive trust for the pension system and those funds are subject to demand by the system at any time.

(b) The recipient of an erroneous payment from the pension system shall repay to the system all funds associated with the erroneous payment.

(c) If the recipient of an erroneous payment retains the funds to which the recipient was not entitled after the recipient has knowledge that the recipient was not entitled to the funds, the recipient shall be obligated to repay to the system the funds with interest from the date knowledge is reasonably established, until the date the funds are repaid, compounded annually. The interest rate required under this subsection is the interest rate from time to time that may be levied on final judgments in state court proceedings under the laws of this state.

(d) For purposes of Subsection (c) of this section, receipt of a demand from the pension system for the repayment of funds establishes a recipient's knowledge from at least the date the demand was received.

(e) Subject to Subsection (g) of this section, the board may by rule adopt a procedure to enable the pension system to offset the future benefit or other payments of a recipient described by this section. In addition, the board may take any additional action, including the bringing of a lawsuit, the board considers necessary to recover an erroneous payment and interest the pension system is entitled to under this section.

(f) If the pension system determines that a person is entitled to additional benefits as a result of an error made by the pension system or another person, the pension system shall promptly pay the additional benefits owed.

(g) The board's correction procedures must comply with the Internal Revenue Service's Employee Plans Compliance Resolution System and Revenue Procedure 2016-51,

entitled to the payment, whether by reason of an error of the pension system as to entitlement to or the amount of a benefit or otherwise, or an act or error of some other person, including the recipient of the payment, the recipient of the payment holds the funds to which the recipient was not entitled in constructive trust for the pension system and those funds are subject to demand by the pension system at any time.

(b) Substantially the same as introduced version.

No equivalent provision.

No equivalent provision.

(c) Subject to Subsection (e) of this section, the board may by rule adopt a procedure to enable the pension system to offset the future benefit or other payments of a recipient described by this section. In addition, the board may take any additional action, including the bringing of a lawsuit, the board considers necessary to recover an erroneous payment the pension system is entitled to under this section.

(d) If the pension system determines that a person is entitled to additional benefits as a result of an error made by the pension system, the pension system shall promptly pay the additional benefits owed.

(e) Same as introduced version.

including subsequent guidance.

Sec. 6.21. MEDICAL EXPENSE BENEFITS. (a) The board may establish and pay the start-up costs necessary to establish a separate medical expense account that is a part of the combined pension plan administered by the pension system and satisfies the requirements of Section 401(h) of the code. The board shall determine the terms of the medical expense account established under this section.

(b) Any medical expense account established under this section along with the combined pension plan shall be promptly submitted to the Internal Revenue Service for purposes of obtaining a determination letter.

SECTION 43. Article 6243a-1, Revised Statutes, is amended by adding Part 6A to read as follows:

PART 6A. EQUITABLE ADJUSTMENTS

Sec. 6A.01. EQUITABLE ADJUSTMENTS TO BENEFITS.

Notwithstanding any other provision of this article, the board shall consider and adopt rules requiring the equitable return of funds paid to or credited to the benefit of a member or pensioner under this article before September 1, 2017, to the extent the funds exceeded reasonable amounts that should be paid or credited given the circumstances of the pension system at the time the payment or credit was made, including the return of excessive interest credited to a member's DROP account and excessive adjustments made under Section 6.12 of this article.

No equivalent provision.

No equivalent provision.

SECTION 46. Article 6243a-1, Revised Statutes, is amended by adding Part 6A to read as follows:

PART 6A. EQUITABLE ADJUSTMENTS

Sec. 6A.01. EQUITABLE ADJUSTMENTS TO BENEFITS.

(a) Subject to this section and notwithstanding any other provision of this article, the board shall consider and adopt rules requiring the equitable return of funds paid to or credited to the benefit of a member or pensioner under this article before September 1, 2017, to the extent the funds exceeded reasonable amounts that should be paid or credited given the circumstances of the pension system at the time the payment or credit was made, including the return of excessive interest credited to a member's DROP account and excessive adjustments made under Section 6.12 of this article.

(b) For purposes of Subsection (a) of this section, "reasonable amounts" includes the amounts that would have been paid or credited:

(1) if the interest rate applied in determining a benefit, including the interest rate applied to a DROP account, equaled the actual, audited rate of return of the plan at the time the interest was credited to the account; or

(2) if the percentage increase applied under Section 6.12 of this article equaled the percentage increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) most recently

published by the Bureau of Labor Statistics of the United States Department of Labor and used by the United States Social Security Administration to provide a cost-of-living adjustment for social security benefit payments payable beginning in January of the next year.

No equivalent provision. *(But see Sec. 6A.02 below.)*

Sec. 6A.02. ADJUDICATION OF CERTAIN CHALLENGES. (a) The constitutionality and other validity under the state or federal constitution of all or any part of Section 6A.01 of this article or rule adopted under that section may be determined in an action for declaratory judgment in a district court in the city or county in which the pension system is located under Chapter 37, Civil Practice and Remedies Code, except that this section does not authorize an award of attorney's fees against this state and Section 37.009, Civil Practice and Remedies Code, does not apply to an action filed under this section. (b) An appeal of a declaratory judgment or order, however characterized, of a district court, including an appeal of the judgment of an appellate court, holding or otherwise determining that all or any of part of Section 6A.01 of this article or rule adopted under that section is constitutional or unconstitutional, or otherwise valid or invalid, under the state or federal constitution is an accelerated appeal. (c) If the judgment or order is interlocutory, an interlocutory appeal may be taken from the judgment or order and is an accelerated appeal. (d) The district court may grant or deny a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of Section 6A.01 of this article or rule adopted under that section. (e) There is a direct appeal to the Texas Supreme Court from an order, however characterized, of a trial court granting or denying a temporary or otherwise interlocutory injunction or a permanent injunction on the grounds of the constitutionality or unconstitutionality, or other validity or invalidity, under the state or federal constitution of all or any part of

Section 6A.01 of this article or rule adopted under that section.

(f) The direct appeal is an accelerated appeal.

(g) This section exercises the authority granted by Section 3-b, Article V, Texas Constitution.

(h) The filing of a direct appeal under this section will automatically stay any temporary or otherwise interlocutory injunction or permanent injunction granted in accordance with this section pending final determination by the Texas Supreme Court, unless the supreme court makes specific findings that the applicant seeking such injunctive relief has pleaded and proved that:

(1) the applicant has a probable right to the relief it seeks on final hearing; and

(2) the applicant will suffer a probable injury that is imminent and irreparable, and that the applicant has no other adequate legal remedy.

(i) An appeal under this section, including an interlocutory, accelerated, or direct appeal, is governed, as applicable, by the Texas Rules of Appellate Procedure, including Rules 25.1(d)(6), 26.1(b), 28.1, 28.3, 32.1(g), 37.3(a)(1), 38.6(a) and (b), 40.1(b), and 49.4.

No equivalent provision. (*But see Sec. 6A.02 above.*)

Sec. 6A.02. ADJUDICATION OF CERTAIN CHALLENGES. (a) The Texas Supreme Court has exclusive and original jurisdiction over a challenge to the constitutionality under the Texas Constitution of Section 6A.01 of this article. An action under this section is authorized to the full extent permitted by Section 3, Article V, Texas Constitution. The Texas Supreme Court may issue any injunctive, declaratory, or equitable relief the court deems appropriate or necessary to effectuate the court's mandamus jurisdiction in connection with a challenge under this section.

(b) Any action brought under this section must be filed not later than the 90th day after the date the board adopts a rule under Section 6A.01 of this article.

(c) If an action brought under this section is timely filed, the board may not enforce or otherwise administer any rules adopted pursuant to Section 6A.01 of this article during the pendency of the action.

SECTION 44. Section 8.01, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 8.01. QUALIFICATION UNDER FEDERAL TAX LAW.

(a) The plans within the pension system and the assets of the fund are intended to qualify as a governmental plan under Sections [Section] 401 and 414(d) of the code, be exempt from federal income taxes under Section 501(a) of the code, and conform at all times to applicable requirements of law, regulations, and orders of duly constituted federal governmental authorities. Accordingly, if any provision of this article is subject to more than one construction, one of which will permit the qualification of a plan that is within the pension system, that construction that will permit the plan to qualify and conform will prevail.

(b) The plans within the pension system as well as the assets of the fund shall be maintained for the exclusive benefit of members and their beneficiaries. At no time before the termination of all the plans within the pension system and the satisfaction of all liabilities with respect to members and their beneficiaries under all plans shall any part of the principal or interest from the assets of the fund be used for or diverted to purposes other than the exclusive benefit of the members and beneficiaries.

(c) Notwithstanding any other provisions of this article, the annual benefit [pension] provided with respect to any member ~~[may not exceed an annual benefit computed in accordance with the limitations prescribed by this subsection.~~

~~[(1) The maximum annual benefit payable] in any limitation year [to a member] may not exceed the amount permitted by Section 415(b) of the code for the limitation year, and the sum of the member contributions and all other annual additions for any limitation year may not exceed the amount permitted under Section 415(c) of the code for that limitation year. If the aggregated annual benefit or aggregated annual additions under [lesser of:~~

~~[(A) \$90,000; or~~

~~[(B) 100 percent of a member's 415 compensation averaged over the three consecutive limitation years, or the actual number of limitation years for a member~~

SECTION 47. Section 8.01, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 8.01. QUALIFICATION UNDER FEDERAL TAX LAW.

(a) Same as introduced version.

(b) Same as introduced version.

(c) Substantially the same as introduced version.

~~whose total pension service is less than three consecutive limitation years, during which the member had the greatest aggregate 415 compensation from the city.~~

~~[(2) Benefits provided to a member under this article and under any defined benefit plan or plans maintained by the city shall be aggregated for purposes of determining whether the limitations in Subdivision (1) of this subsection are met. If the aggregate benefits otherwise payable from] any qualified plans created under this article and any other defined benefit plan or plans maintained by the city would otherwise exceed the limitations of Section 415 of the code [~~Subdivision (1) of this subsection~~], the required reductions in benefits or contributions shall first be made to the extent possible from the other plan or plans. The limitations referenced in this subsection shall be adjusted annually in accordance with Section 415(d) of the code and any adjustment to benefits applies to the benefits of active and terminated members and applies without regard to whether a terminated member is a pensioner.~~

~~[(3) The adjustments on retirement are the following:~~

~~[(A) If the annual benefit begins before a member attains age 62, the \$90,000 limitation, as adjusted, shall be reduced in a manner prescribed by the secretary of the treasury. However, that adjustment may not reduce the member's annual benefit below \$75,000, if the member's benefit begins after age 55, or the actuarial equivalent of \$75,000 beginning at age 55 if benefits begin before age 55. Furthermore, except as provided by Paragraph (C) of this subdivision, an adjustment may not reduce the member's annual benefit below \$50,000, regardless of the age at which the benefit begins.~~

~~[(B) If the annual benefit begins after a member attains age 65, the \$90,000 limitation, as adjusted, will be increased so that it is the actuarial equivalent of the \$90,000 limitation at age 65.~~

~~[(C) If a member's benefits begin before the member has at least 15 years of pension service as a full-time employee of the police or fire department, or both, including credit for full-time service in the armed forces of the United States, Paragraphs (A) and (B) of this subdivision shall be applied by~~

~~substituting "social security retirement age" for "age 62" and for "age 65," and the last two sentences of Paragraph (A) of this subdivision do not apply in computing the benefit limitation for that member.~~

~~[(D) The portion of a member's benefit that is attributable to the member's own contributions is not part of the annual benefit subject to the limitations of Subdivision (1) of this subsection. Instead, the amount of those contributions is treated as an annual addition to a qualified defined contribution plan maintained by the city.~~

~~[(4)(A) The dollar limitation on annual benefits provided by Subdivision (1) of this subsection, and the \$50,000 limitation provided by Subdivision (3) of this subsection, but not the \$75,000 limitation provided by that subsection, shall be adjusted annually as provided by Section 415(d) of the code and the regulations prescribed by the secretary of the treasury. The adjusted limitation is effective as of January 1 of each calendar year and is applicable to limitation years ending with or within that calendar year.~~

~~[(B) The limitation provided by this paragraph for a member who has separated from service with a vested right to a pension shall be adjusted annually as provided by Section 415(d) of the code and the regulations prescribed by the secretary of the treasury.~~

~~[(5) The following interest rate assumptions shall be used in computing the limitations under this section:~~

~~[(A) For the purpose of determining the portion of the annual benefit that is purchased with member contributions, the interest rate assumption is 8.5 percent, compounded annually, for plan years beginning before 1988 and 120 percent of the federal mid-term rate, as in effect under Section 1274 of the code, compounded annually, for plan years beginning after 1987.~~

~~[(B) For the purpose of adjusting the annual benefit to a straight life annuity, the interest rate assumption is five percent, unless a different rate is required by the secretary of the treasury.~~

~~[(C) For the purpose of adjusting the \$90,000 limitation after a member attains age 65, the interest rate assumption is five percent, unless a different rate is required by~~

~~the secretary of the treasury, and the mortality decrement shall be ignored to the extent that a forfeiture does not occur at death.~~

~~[(6) For purposes of Subdivisions (1) and (3) of this subsection, an adjustment under Section 415(d) of the code may not be taken into account before the limitation year for which that adjustment first takes effect. For purposes of Subdivisions (1) and (5) of this subsection, an adjustment is not required for the value of qualified joint and survivor annuity benefits, preretirement death benefits, postretirement medical benefits, or postretirement cost of living increases made in accordance with Section 415(d) of the code and Section 1.415-3(c) of the Income Tax Regulations.~~

~~[(7) This plan may pay an annual benefit to any member in excess of the member's maximum annual benefit otherwise allowed if:~~

~~[(A) the annual benefit derived from the city's contributions under any qualified plans within this article and all defined benefit plans maintained by the city does not in the aggregate exceed \$10,000 for the limitation year or for any prior limitation year; and~~

~~[(B) the member has not at any time participated in a defined contribution plan maintained by the city.~~

~~[For purposes of this subdivision, member contributions to the plan are not considered a separate defined contribution plan maintained by the city.~~

~~[(8) If a member has less than 10 years of pension service in the plan at the time the member begins to receive benefits under the plan, the \$90,000 limitation, as adjusted, shall be reduced by multiplying the limitation by a fraction in which the numerator is the number of years of pension service and the denominator is 10; provided, however, that the fraction may not be less than one tenth. The 100 percent limitation of Subdivision (1)(B) of this subsection, and the \$10,000 limitation of Subdivision (7) of this subsection shall be reduced in the same manner as provided by this subdivision, except the numerator shall be the number of years of employment with the city rather than years of pension service.~~

~~[(9) If a member is or has been a participant in one or more defined benefit plans and one~~

~~or more defined contribution plans maintained by the city, the following provisions shall apply:~~

~~[(A) The sum of the defined benefit plan fraction and the defined contribution plan fraction for any limitation year may not exceed 1.0.~~

~~[(B) The defined benefit plan fraction for any limitation year is a fraction in which:~~

~~[(I) the numerator is the projected annual benefit of a member, determined as of the close of the limitation year pursuant to Section 1.415-7(b)(3) of the Income Tax Regulations; and~~

~~[(II) the denominator is the lesser of:~~

~~[(i) the product of 1.25 and the maximum dollar limitation provided by Subdivision (1)(A) of this subsection, as adjusted, for the limitation year; or~~

~~[(ii) the product of 1.4 and the amount that may be taken into account under Subdivision (1)(B) of this subsection for the limitation year.~~

~~[(C) The defined contribution plan fraction for any limitation year is a fraction in which:~~

~~[(I) the numerator is the sum of the annual additions to the member's account as of the close of the limitation year; and~~

~~[(II) the denominator is the sum of the lesser of the following amounts determined for the limitation year and each prior year of service with the city:~~

~~[(i) the product of 1.25 and the dollar limitation in effect under Section 415(c)(1)(A) of the code for the limitation year, determined without regard to Section 415(c)(6) of the code; or~~

~~[(ii) the product of 1.4 and the amount that may be taken into account under Section 415(c)(1)(B) of the code for the limitation year beginning before January 1, 1987; the annual additions may not be recomputed to treat all member contributions as an annual addition.~~

~~[(D) If the sum of the defined benefit plan fraction and the defined contribution plan fraction exceeds 1.0 in any limitation year for any member of any plan within the pension system, the administrator shall limit, to the extent necessary, the annual additions to the member's account for that limitation year. If after limiting to the extent possible the annual additions to the member's account for the limitation year, the sum of the defined benefit plan fraction and~~

~~the defined contribution plan fraction still exceeds 1.0, the administrator shall adjust the benefits under the defined benefit plan fraction so that the sum of both fractions shall not exceed 1.0 in any limitation year for the member.~~

~~[(10) For purposes of determining the limits provided by this section, all qualified defined benefit plans, whether terminated or not, ever maintained by or contributed to by the city, shall be treated as one defined benefit plan, and all qualified defined contribution plans, whether terminated or not, ever maintained by or contributed to by the city, shall be treated as one defined contribution plan.]~~

~~(c-1) [(11)] Notwithstanding anything contained in this section to the contrary, the limitations, adjustments, and other requirements prescribed by this section shall at all times be computed in the manner most favorable to the affected members, to the extent permitted by guidelines issued by the Internal Revenue Service ~~[comply with the requirements of Section 415 of the code and all regulations promulgated under the code].~~ If any provision of Section 415 of the code is repealed or is not enforced by the Internal Revenue Service, that provision may not reduce the benefits of any member after the effective date of the repeal of the provision or during the period in which the provision is not enforced.~~

~~(c-2) Any benefit reductions that are required to be made under this section shall be applied to reduce the monthly benefit that would otherwise have been payable to the member, unless the value of the member's DROP account accrued under Section 6.14 of this article exceeds the amount that may be paid under this section. If the value of the DROP account exceeds the value of the payments that may be made under this section, the member shall receive a lump sum payment from the account of the maximum amount that may be paid under this section and the payment shall permanently reduce the benefits the member would otherwise have been entitled to receive under the combined pension plan.~~

~~(d) A member's retirement pension may not begin later than April 1 of the year after the later of the year in which the member leaves active service or the year in which the member attains age 70-1/2 and must at all~~

(c-1) Same as introduced version.

(c-2) Substantially same as introduced version.

(d) Same as introduced version.

times comply with the requirements of Section 401(a)(9) of the code. [Benefits to a qualified beneficiary may not begin later than one year after the date of the member's death].

(e) Any person [member or beneficiary] who receives any distribution from any plan within the pension system that is an eligible rollover distribution as defined by Section 402(f)(2)(A) of the code is entitled to have that distribution transferred directly to another eligible retirement plan as defined by Section 402(c)(8)(B) of the code of the person's [member's or beneficiary's] choice on providing direction regarding that transfer to the executive director [administrator] in accordance with procedures established by the executive director [administrator].

(e-1) If an eligible rollover distribution described by Subsection (e) of this section is to a designated beneficiary who is not the spouse or former spouse of the member, the transfer may only be to an individual retirement account or an individual retirement annuity.

(f) For the 2017 calendar year, the [The] annual compensation taken into account for any purpose under the combined pension plan [this article] may not exceed \$400,000 for an eligible participant or \$270,000 for an ineligible participant [\$200,000 for any calendar year]. For a Group A member the term "annual compensation" means the aggregate of the member's base pay. For a Group B member the term "annual compensation" means the aggregate of the member's computation pay for any given plan year. These dollar limits [The \$200,000 limit] shall be adjusted from [on January 1 of each year at the same] time to time [and] in accordance with guidelines [the same manner as] provided by the secretary of the treasury. For [Section 415(d) of the code. In determining the compensation of a member for] purposes of this subsection, an:

(1) "eligible participant" means any person who first became a member of the pension system before January 1, 1996; and

(2) "ineligible participant" means any member who is not an eligible participant [limitation, the family aggregation rules of Section 414(q)(6) of the code apply, except that the term "family member" includes only

(e) Same as introduced version.

(e-1) Same as introduced version.

(f) Same as introduced version.

~~the spouse of the member and any lineal descendants of the member who have not attained age 19 at the end of the plan year. If as a result of this family aggregation requirement, the \$200,000 limit is exceeded, the limitation shall be prorated among the affected individuals in proportion to each individual's compensation as determined before application of the limit].~~

(g) For purposes of Subsection (h) of this section, "normal retirement age" means the earlier of:

(1) attainment of 50 years of age on or before September 1, 2017, and completion of at least five years of pension service;

(2) the attainment of 58 years of age after September 1, 2017, and completion of at least five years of pension service; or

(3) completion of 20 years of pension service.

(h) The retirement benefit earned by a member is nonforfeitable:

(1) on attainment of normal retirement age, if not already nonforfeitable; or

(2) to the extent the benefit is funded, if not already nonforfeitable, on the termination or partial termination of the combined pension plan or the complete discontinuance of city contributions to the fund.

(i) In accordance with Section 401(a)(8) of the code, forfeitures arising under the combined pension plan may not be used to increase the benefits any member would otherwise receive under the terms of the plan. Forfeitures may be used first to reduce administrative expenses, then to reduce required city contributions.

(j) Subject to procedures adopted by the board, the system shall accept an eligible rollover distribution from another eligible retirement plan as defined by Section 402(f)(2)(B) of the code as payment of all or a portion of any payment a member is permitted to make to the system for past pension service credit. The system shall separately account for any after-tax contributions transferred from any plan under this subsection.

SECTION 45. Section 8.02, Article 6243a-1, Revised Statutes, is amended.

SECTION 46. Section 8.03, Article 6243a-1, Revised Statutes, is amended to read as follows:

(g) Substantially the same as introduced version.

(h) Same as introduced version.

(i) Same as introduced version.

(j) Substantially the same as introduced version.

SECTION 48. Same as introduced version.

SECTION 49. Section 8.03, Article 6243a-1, Revised Statutes, is amended to read as follows:

Sec. 8.03. EXEMPTION OF BENEFITS FROM JUDICIAL PROCESS OR ALIENATION.

(a) A portion of the fund or benefit or amount awarded to any primary party, qualified survivor, ~~[or]~~ beneficiary of a member's DROP account, excess benefit participant, or survivor of an excess benefit participant under this article may not be held, seized, taken, subjected to, or detained or levied on by virtue of any execution, attachment, garnishment, injunction, or other writ, order, or decree, or any process or proceedings issued from or by any court for the payment or satisfaction, in whole or in part, of any debt, damage, claim, demands, or judgment against any person entitled to benefits from any plan within the pension system or from the excess benefit plan. The fund and the excess benefit plan or any claim against the fund or the excess benefit plan may not be directly or indirectly assigned or transferred, and any attempt to transfer or assign the fund or the excess benefit plan or a claim against the fund or the excess benefit plan is void.

(b) A benefit under any plan created or existing pursuant to this article or Article 6243a is subject to division pursuant to the terms of a qualified domestic relations order. The executive director ~~[administrator]~~ shall determine the qualifications of a domestic relations order according to a uniform, consistent procedure approved by the board. The total benefit payable to a primary party or to an alternate payee under a qualified domestic relations order may not actuarially exceed the benefits to which a primary party would be entitled in the absence of the qualified domestic relations order. In calculating the alternate payee's benefits under a qualified domestic relations order, the interest rate is the rate used by the pension system's actuary in the actuarial evaluation for that year, except that the minimum interest rate for this purpose is the minimum required by Section 414 of the code.

(c) This section does not preclude:  
(1) the payment of death benefits to a ~~[support]~~ trust for certain ~~[surviving]~~ children of a primary party pursuant to Section 6.06(n) of this article;  
(2) the withholding of federal taxes from

Sec. 8.03. EXEMPTION OF BENEFITS FROM JUDICIAL PROCESS OR ALIENATION.

(a) Same as introduced version.

(b) Same as introduced version.

(c) This section does not preclude:  
(1) the payment of death benefits to a ~~[support]~~ trust for certain ~~[surviving]~~ children of a primary party pursuant to Section 6.06(n) of this article;  
(2) the withholding of federal taxes from

pension benefits;

(3) the recovery by the board of overpayments of benefits previously made to any person;

(4) the direct deposit of benefit payments to an account in a bank, savings and loan association, credit union, or other financial institution, provided the arrangement is not an alienation; or

(5) under any policy adopted by the board and uniformly applied to voluntary arrangements entered into by a primary party or qualified survivor, any voluntary and revocable arrangement entered into by a pensioner or a qualified survivor that permits the withholding and direct payment of health care or life insurance premiums or similar payments from the monthly benefit payments.

(d) For purposes of Subsection (c) of this section, an attachment, garnishment, levy, execution, or other legal process is not considered a voluntary arrangement.

SECTION 47. The following provisions of Article 6243a-1, Revised Statutes, are repealed:

- (1) Section 3.01(c);
- (2) Section 4.01(b);
- (3) Section 4.02(f);
- (4) Sections 6.06(i) and (s);
- (5) Section 6.10B(h);
- (6) Sections 6.14(i) and (k); and
- (7) Part 7.

SECTION 48.

No equivalent provision.

(a) The terms of the current members of the board of trustees of the pension system established under Article 6243a-1, Revised Statutes, expire on the effective date of this Act. On that date or as soon as possible

pension benefits;

(3) the recovery by the board of overpayments of benefits previously made to any person;

(4) the direct deposit of benefit payments to an account in a bank, savings and loan association, credit union, or other financial institution, provided the arrangement is not an alienation;

(5) under any policy adopted by the board and uniformly applied to voluntary arrangements entered into by a primary party or qualified survivor, any voluntary and revocable arrangement entered into by a pensioner or a qualified survivor that permits the withholding and direct payment of health care or life insurance premiums or similar payments from the monthly benefit payments; or

(6) an assignment of the distribution from an annuitized DROP account to a third party under Section 6.14(e-3)(1) of this article.

(d) Same as introduced version.

SECTION 50. The following provisions of Article 6243a-1, Revised Statutes, are repealed:

- (1) Section 1.01(b);
- (2) Section 3.01(c);
- (3) Section 4.01(b);
- (4) Section 4.02(f);
- (5) Sections 6.06(i) and (s);
- (6) Section 6.10B(h);
- (7) Sections 6.14(i) and (k); and
- (8) Part 7.

SECTION 51.

(a) In this section, "board," "city," "city manager," "nominations committee," "pension system," and "trustee" have the meanings assigned by Section 2.01, Article 6243a-1, Revised Statutes, as amended by this Act.

(b) The terms of the current trustees expire on the effective date of this Act. Subject to Subsection (e) of this section, on that date or as soon as possible after that date:

after that date, the mayor, city council, executive director, and city manager shall appoint new members to the board in accordance with the requirements of Section 3.01, Article 6243a-1, Revised Statutes, as amended by this Act.

(1) the mayor, nominations committee, and city manager, as applicable, shall appoint new trustees to the board in accordance with the requirements of Sections 3.01(b)(1), (2), and (3), Article 6243a-1, Revised Statutes, as added by this Act; and

(2) notwithstanding the requirements of Sections 3.01(b)(4) and (5) and (f), Article 6243a-1, Revised Statutes, as added or amended by this Act, that the board adopt rules governing the nomination and election of trustees appointed under Sections 3.01(b)(4) and (5), Article 6243a-1, Revised Statutes, as added by this Act, the nominations committee shall adopt procedures for nominating and electing the initial trustees nominated and elected under Sections 3.01(b)(4) and (5), Article 6243a-1, Revised Statutes, as added by this Act.

Notwithstanding Section 3.01(o), Article 6243a-1, Revised Statutes, as amended by this Act, once at least seven trustees have been appointed to the board under this section, the board shall by majority vote:

(1) appoint two trustees under Section 3.01(b)(7), Article 6243a-1, Revised Statutes, as amended by this Act; and

(2) adopt rules establishing:

(A) a process for selecting trustees under Sections 3.01(b)(5) and (6), Article 6243a-1, Revised Statutes, as amended by this Act; and

(B) staggered terms for the trustees appointed or selected under Section 3.01, Article 6243a-1, Revised Statutes, as amended by this Act, including the dates by which the terms of initial trustees appointed or selected under this section expire.

No equivalent provision.

No equivalent provision. (*But see Subsection (d) below.*)

No equivalent provision. (*But see Subdivision (2) above.*)

(c) Notwithstanding Section 3.01(o), Article 6243a-1, Revised Statutes, as amended by this Act, and except as provided by Subsections (d) and (h) of this section, the board may not take any action authorized by Article 6243a-1, Revised Statutes, until at least 10 initial trustees have been appointed or elected, unless the action is in the ordinary course of business of the board and is required for the continued administration of the pension system.

(d) Once all trustees have been appointed to the board under this section, the board shall

No equivalent provision.

No equivalent provision.

(b) Notwithstanding Section 3.01(g), Article 6243a-1, Revised Statutes, the board shall elect from among its trustees an initial chairman, vice chairman, and a deputy fire chairman not later than September 1, 2017, and if it elects to do so, an initial second deputy vice chairman.

(c) Not later than the 90th day after the date all members of the board under Section 3.01, Article 6243a-1, Revised Statutes, as amended by this Act, have been appointed or selected, the board shall vote on and, if the board determines it appropriate, amend the existing rules relating to the governance and conduct of the board in accordance with Subsection (j-2) of that section, as added by this Act.

SECTION 49. Not later than December 1, 2017, the board shall consider adopting rules under Section 3.01(j-1)(2), Article 6243a-1, Revised Statutes, as added by this Act, to:

(1) evaluate how benefits are computed under Article 6243a-1, Revised Statutes, for purposes of identifying potential means of abusing the computation in order to inflate pension benefits received; and

by majority vote adopt rules establishing a process for nominating and electing trustees under Sections 3.01(b)(4) and (5), Article 6243a-1, Revised Statutes, as added by this Act.

(e) The city manager and the nominations committee shall jointly appoint a new trustee to the board under Section 3.01(b)(3), Article 6243a-1, Revised Statutes, as added by this Act, not later than the 60th day after the effective date of this Act.

(f) As soon as possible after the effective date of this Act, the mayor and the nominations committee shall:

(1) make a determination under Section 3.01(e), Article 6243a-1, Revised Statutes, as amended by this Act, regarding the term limits of the board established under that article; and

(2) notwithstanding Section 3.01(e), Article 6243a-1, Revised Statutes, as amended by this Act, determine the terms of initial trustees to ensure the appropriate staggering of trustee terms.

(g) Notwithstanding Section 3.01(g), Article 6243a-1, Revised Statutes, the board shall elect from among its trustees an initial chairman, vice chairman, and deputy vice chairman as soon as possible after all trustees have been appointed or elected in accordance with this Act and, if the board elects to do so, an initial second deputy vice chairman.

(h) Not later than the 90th day after the date all trustees under Section 3.01, Article 6243a-1, Revised Statutes, as amended by this Act, have been appointed or elected, the board shall vote on and, if the board determines it is appropriate, amend the existing rules relating to the governance and conduct of the board.

No equivalent provision.

(2) implement one or more alternative benefit plans for newly hired employees of the pension system.

SECTION 50. Not later than January 1, 2018, the board of trustees established under Section 3.01, Article 6243a-1, Revised Statutes, as amended by this Act, shall establish the ethics policy required by Subsection (r) of that section, as added by this Act.

No equivalent provision.

No equivalent provision.

SECTION 52. (a) Not later than January 1, 2018, the board of trustees of the pension system established under Article 6243a-1, Revised Statutes, shall:

(1) establish the ethics policy required by Section 3.01(r), Article 6243a-1, Revised Statutes, as added by this Act; and

(2) appoint an executive director under Section 3.04, Article 6243a-1, Revised Statutes, as amended by this Act.

(b) As soon as possible after the executive director is appointed under Subsection (a) of this section, the executive director may hire, subject to confirmation by the board of trustees of the pension system established under Article 6243a-1, Revised Statutes, a chief investment officer as authorized under Section 3.025, Article 6243a-1, Revised Statutes, as added by this Act, and a chief legal officer as authorized under Section 3.03(c), Article 6243a-1, Revised Statutes, as amended by this Act.

SECTION 53. (a) In this section, "executive director," "nominations committee," and "pensioner" have the meanings assigned by Section 2.01, Article 6243a-1, Revised Statutes, as amended by this Act.

(b) As soon as possible after the effective date of this Act, but not later than the 30th day after the effective date of this Act:

(1) the president, chair, or other executive head of an organization described by Section 3.011(a)(2), Article 6243a-1, Revised Statutes, as added by this Act, that is eligible to and intends to participate on the nominations committee shall notify the executive director of:

(A) the organization's intent to participate on the nominations committee; and

(B) whether the president, chair, or other executive head, as appropriate, or that person's designee will serve on the committee; and

(2) the president, chair, or other executive head of an organization described by Section 3.011(a)(3)(B) or (4)(B), Article 6243a-1, Revised Statutes, as added by this Act, that is eligible to and intends to participate in appointing a pensioner to the

nominations committee shall:

(A) notify the executive director of the organization's intent to participate in appointing a pensioner to the nominations committee; and

(B) appoint or jointly appoint, as applicable, a pensioner to serve on the nominations committee in accordance with Sections 3.011(a)(3) and (4), Article 6243a-1, Revised Statutes, as added by this Act.

SECTION 51. Sections 4.02 and 4.03, Article 6243a-1, Revised Statutes, as amended by this Act, and Section 4.025, Article 6243a-1, Revised Statutes, as added by this Act, apply only to a contribution made on or after the date of the most recently completed actuarial valuation following September 1, 2017.

SECTION 52. Not earlier than June 1, 2019, and not later than August 15, 2019, the board of trustees established under Article 6243a-1, Revised Statutes, shall conduct an actuarial valuation for purposes of making an initial determination under Section 4.02(e), Article 6243a-1, Revised Statutes, as amended by this Act. Each subsequent determination under Section 4.02(e), Article 6243a-1, Revised Statutes, shall be based on the most recently performed actuarial valuation.

No equivalent provision.

SECTION 53. Changes in law to Part 5, Article 6243a-1, Revised Statutes, as amended by this Act, apply to membership in a pension system established under Article 6243a-1, Revised Statutes, on or after the effective date of this Act.

SECTION 54. The board of trustees established under Section 3.01, Article 6243a-1, Revised Statutes, as amended by this Act, shall begin annuitizing and distributing a DROP account under Section

SECTION 54. Section 4.025, Article 6243a-1, Revised Statutes, as added by this Act, applies only to a contribution made on or after the date of the most recently completed actuarial valuation following the effective date of this Act.

SECTION 55. Not earlier than June 1, 2019, and not later than August 15, 2019, the board of trustees established under Article 6243a-1, Revised Statutes, shall make and submit to the State Pension Review Board for review an initial determination under Section 4.02(e), Article 6243a-1, Revised Statutes, as amended by this Act, based on the most recently completed actuarial valuation. Each subsequent annual determination under Section 4.02(e), Article 6243a-1, Revised Statutes, as amended by this Act, shall be based on the most recently completed actuarial valuation.

SECTION 56. The board of trustees of the pension system established under Article 6243a-1, Revised Statutes, shall review all investments held on the effective date of this Act under Section 4.071, Article 6243a-1, Revised Statutes, as added by this Act.

SECTION 57. Same as introduced version.

No equivalent provision.

6.14(e) of that article, as amended by this Act, as soon as administratively feasible after the effective date of this Act.

SECTION 55. A rollover distribution to a plan administered by the pension system established under Article 6243a-1, Revised Statutes, that was made on or after January 1, 2002, is validated as of the date the distribution occurred. A distribution described by this section may not be held invalid because the distribution was not performed in accordance with Section 8.01(i), Article 6243a-1, Revised Statutes, as added by this Act, or other applicable law.

SECTION 56. An action taken by the board before September 1, 2017, is not considered void solely by virtue of the number of trustees on the board or by virtue of the composition of the board in effect at the time the action was taken.

No equivalent provision.

SECTION 57. This Act takes effect September 1, 2017.

SECTION 58. A rollover distribution to a plan administered by the pension system established under Article 6243a-1, Revised Statutes, that was made on or after January 1, 2002, is validated as of the date the distribution occurred. A distribution described by this section may not be held invalid because the distribution was not performed in accordance with Section 8.01(j), Article 6243a-1, Revised Statutes, as added by this Act, or other applicable law.

No equivalent provision.

SECTION 59. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are declared to be severable.

SECTION 60. Same as introduced version.