

SUBJECT Texas Municipal Retirement System retirement with 20 years service

COMMITTEE: Pensions and Investments — favorable, without amendment

VOTE: 8 ayes — Telford, Johnson, Averitt, Berlanga, Haggerty, McCall, Rangel, Wilson
0 nays
1 absent — Willis

SENATE VOTE: On final passage — February 28 — voice vote

WITNESSES: For — Ron DeLord, Combined Law Enforcement Association of Texas
Against — None

BACKGROUND: The Texas Municipal Retirement System (TMRS) provides retirement, disability and death benefits to municipal employees in participating cities. Approximately 656 medium and small cities, and the City of San Antonio, have joined TMRS.

Each city separately funds its system with employee contributions and employer contributions. The city actuarially determines the employer contribution amount to ultimately provide the level of benefits selected for its employees, and employees' contribution is between five and seven percent of salary.

More than 98 percent of active members are employed by cities that have adopted retirement eligibility of 25 years service at any age and 10 years service at age 60.

DIGEST: SB 520 would allow members of the TMRS to retire with 20 years of service at any age. Before a governing body could allow a member to retire with 20 years service it would have to prepare an actuarial analysis of member retirement annuities at 20 years of service and hold a public hearing.

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The bill would take effect September 1, 1995.

**SUPPORTERS
SAY:**

SB 520 would allow members of TMRS to retire at any age with 20 years service if a city approved after conducting a public hearing and preparing an actuarial analysis outlining the costs involved. The bill would merely allow cities the option to permitting employees to retire with 20 years service. If there were additional costs associated with the change, the city would be aware of these costs before a decision is made.

The bill is aimed primarily at public safety employees of cities. It is traditional for such employees, such as police officers, to retire after 20 years service because of the strenuous requirements and the high stress levels of their work.

Early retiring members would not draw disproportionately from the system but would receive actuarially reduced benefits by retiring sooner. For example, a member's annuity could be reduced by 30 percent by retiring five years sooner.

**OPPONENTS
SAY:**

No apparent opposition