HOUSE
RESEARCH
ORGANIZATION bill digest | 5/11/2009 | HB 3608 Truitt (CSHB 3608 by Truitt)

SUBJECT: Insurance premium deductions for certain retirees receiving TRS annuities

COMMITTEE: Pensions, Investments, and Financial Services — committee substitute recommended

VOTE: 8 ayes — Truitt, Anderson, Flynn, Hernandez, Hopson, Parker, Veasey, Woolley

0 nays

1 absent — Anchia

WITNESSES: For — William Durbin; Chris Jones, Combined Law Enforcement Associations of Texas; Tim Lee, Texas Retried Teachers Association; (*Registered, but did not testify:* Charley Wilkison, Combined Law Enforcement Associations of Texas)

Against — None

On — (*Registered, but did not testify:* Brian Guthrie, Ronnie Jung, Teacher Retirement System; Martin McCaulay, Texas Pension Review Board)

BACKGROUND: The federal Pension Protection Act of 2006 permits eligible retired public safety officers to elect to exclude up to $3,000 of their retirement benefit from income for qualified health insurance premiums or long-term care insurance premiums. The provision generally is referred to as the Health Care Enhancement for Local Public Safety Officers (HELPS) election. Premiums are not eligible for this exclusion if they are not deducted directly from a government retirement plan distribution, such as a monthly annuity payment.

Retired University of Texas and Texas A&M University public safety officers, who receive a TRS annuity but are covered under health plans administered by the University of Texas and Texas A&M University, are not eligible for this exclusion, because TRS does not administer their health plans.

DIGEST:

CSHB 3608 would permit an eligible participant in the University of Texas or Texas A&M University uniform retirement program to authorize the retirement system to deduct the amount of the contribution and any other qualified health insurance premium from the individual's regular monthly service or disability retirement annuity payment if the individual was:

- eligible to receive a monthly annuity from the retirement system greater than the amount of the authorized deduction; and
- eligible to elect to exclude from annual gross income up to $3,000 of distributions from an eligible retirement plan used for qualified health insurance premiums.

An individual would be able to authorize the deduction on a form provided by the program administrator, and the program administrator would coordinate the implementation of an authorization with the retirement system. After making the deductions, the retirement system would pay to the program administrator an aggregate amount for all individuals who authorize annuity deductions.

If an individual no longer received a monthly annuity greater than the amount of the authorized deduction, the retirement system would inform the program administrator, who would no longer be required to make any deductions for the individual.

The bill would take effect September 1, 2009.