

BILL ANALYSIS

Senate Research Center

C.S.S.B. 872
By: Madla
Intergovernmental Relations
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Committee Report (Substituted)

DIGEST

Currently, the Fire Fighters and Police Pension Fund is a defined benefit plan which is a statutory trust created by the state legislature. The fund has a very aggressive asset allocation. This bill modifies Article 6243o, V.T.C.S., by allowing the fund to seek a qualification letter from the IRS, change the death benefit annuity for surviving spouses and children, adopt a benefit formula, change cost of living allowances, grant certain one-time increases, provide for a 13th check to retirees, clarify BackDROP language, and adopt an excess benefits plan.

PURPOSE

As proposed, C.S.S.B. 872 modifies Article 6243o, V.T.C.S., by allowing the Fire Fighters and Police Pension Fund to seek a qualification letter from the IRS, change the death benefit annuity for surviving spouses and children, adopt a benefit formula, change cost of living allowances, grant certain one-time increases, provide for a 13th check to retirees, clarify BackDROP language, and adopt an excess benefits plan.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the board of trustees of the Fire Fighters and Police Pension Fund in SECTIONS 8 and 22 (Sections 3.01(b) and 5.11(k), Article 6243o, V.T.C.S.) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1.02, Article 6243o, V.T.C.S., as follows:

Section 1.02. DEFINITIONS. Defines "active member," "average total salary," "beneficiary," "code," "department," "dependent child," "dependent parent," "fire fighter," "member," "police officer," "retiree," "retirement," and "years of service." Redefines "retirement annuity," "surviving spouse," and "total salary."

SECTION 2. Amends Section 1.04, Article 6243o, V.T.C.S., to require the board of trustees of the Fire Fighters and Police Pension Fund (board) to hold the assets of the fund for the exclusive benefit of the members and retirees in trust. Prohibits a public or private entity, agency, or authority from altering contracts made by the board. Provides that the fund is independent of the control of a municipality

SECTION 3. Amends Section 2.01, Article 6243o, V.T.C.S., to set forth the composition and duties of the board. Requires the board to administer required elections of the active member and retiree representatives. Provides that only retirees and surviving spouses who are currently receiving benefits from the fund are eligible to vote for retiree representatives. Requires the board to hold a run-off election in which the only eligible candidates are the two candidates who received highest and second-highest number of votes cast, if no candidate receives a majority of the votes cast. Deletes a provision requiring the fund to be independent of the control of a municipality to which this Act applies. Makes conforming and nonsubstantive changes.

SECTION 4. Amends Section 2.02(e), Article 6243o, V.T.C.S., provide that retiree representatives serve on the board for certain terms.

SECTION 5. Amends Section 2.03, Article 6243o, V.T.C.S., to provide that members of the board who are retiree representatives may resign or be removed by a vote of the group eligible to elect them. Provides that a trustee's term of service ends on the entry of an order by the board declaring that a majority of the votes cast in a removal election under this section favor removal. Makes conforming and nonsubstantive changes.

SECTION 6. Amends Section 2.04, Article 6243o, V.T.C.S., to require the board to elect certain officers from among the trustees.

SECTION 7. Amends Sections 2.06 and 2.07, Article 6243o, V.T.C.S., as follows:

Sec. 2.06. New heading: MEETINGS; QUORUM. Requires a quorum of the board to be five members. Authorizes action requiring a vote to be taken by the board when a majority of the members are present. Provides that any action taken by less than a quorum is not binding on the board.

Sec. 2.07. COMMITTEES OF BOARD. Requires committees to be composed of three or four members of the board, rather than not fewer than three nor more than five. Deletes a provision authorizing all members of the board to attend committee meetings. Makes conforming and nonsubstantive changes.

SECTION 8. Amends Sections 3.01(a) and (b), Article 6243o, V.T.C.S., to set forth the authority and power of the board. Requires the board to adopt certain rules necessary to the effective operation of the board.

SECTION 9. Amends Sections 3.02(a) and (d), Article 6243o, V.T.C.S., to require the board to consider applications for benefits of the fund for certain persons including dependent children. Authorizes the process for witnesses to be served on any member of the fire or police department, and on any other person the board deems to be an appropriate person. Authorizes a person to be compelled to attend and testify as in any judicial proceeding, on the failure of any witness to attend and testify.

SECTION 10. Amends Section 3.03, Article 6243o, V.T.C.S., to prohibit disbursements from being made without a record vote of the board. Deletes existing text regarding disbursements. Makes conforming changes.

SECTION 11. Amends Section 4.01(a), Article 6243o, V.T.C.S., to provide that a person becomes a member of the fund as a condition of continued employment, if the person has met certain conditions. Provides that a person may not become eligible for disability retirement benefits unless the person meets certain requirements. Deletes a provision requiring a person to be older than 18 at the time of appointment. Makes conforming and nonsubstantive changes.

SECTION 12. Amends Section 4.03, Article 6243o, V.T.C.S., as follows:

Sec. 4.03. New heading: UNIFORMED SERVICE. Prohibits a member of the fund who enters any uniformed, rather than active military, service of the United States from certain acts regarding service with the uniformed service. Prohibits the amount of credit purchased under this section from exceeding the length of active service in a uniformed service required to be credited by law. Authorizes a person who became a member before October 1, 1997 and does not make a payment required under Subsection (c) of this section to be eligible for uniformed service credit under federal law. Authorizes a person to receive certain benefits, if the member makes certain payments. Makes conforming and nonsubstantive changes.

SECTION 13. Amends Sections 4.04(a) and (c), Article 6243o, V.T.C.S., to require certain percentages to be deducted from the total salary, rather than wages, of each fire fighter and police officer employed by a municipality. Requires contributions picked up by the municipality to be treated as employer contributions for the purpose of determining tax treatment of the amounts under the code, rather than to be in accordance with Section 414(h)(2), Internal Revenue Code of 1986. Makes conforming and nonsubstantive changes.

SECTION 14. Amends Sections 4.05(b) and (c), Article 6243o, V.T.C.S., to require members' deductions and double-matching amounts to be made on the same day contributions are deducted from the members' total salary, rather than pay. Requires amounts, rather than funds, received from any source for the fund to be deposited in the fund.

SECTION 15. Amends Section 5.01, Article 6243o, V.T.C.S., to require the board to compute the retirement annuity of a member who retires after September 30, 1995, but before October 1, 1997. Sets forth requirements for the computation of the retirement annuity of a member who retires after September 30, 1997. Prohibits a retirement annuity from exceeding 85 percent of the member's average total salary, as of the date of retirement. Requires the member to be given full credit for the period the member was an active member plus the time the member was actively engaged in service with any uniformed service. Prohibits disciplinary suspensions from being subtracted from a member's service credit, if the member has paid into the fund, within 30 days after the later of the termination date of each suspension, or the exhaustion of any appeal with respect to the suspension. Provides that members of the fund are to receive service credit for all unused sick leave accumulated, at the time of their retirement, but only to the extent the unused sick leave exceeds 90 days. Deletes the requirement that sick leave be based on fractional years prorated based on full months of sick leave. Deletes existing Subsection (f) prohibiting the retirement annuity for a member from exceeding 82.5 percent. Requires all monthly pensions being paid by the fund to retirees who retired before October 1, 1989 to be increased, with the first monthly payment due on or after October 1, 1997. Requires the amount of the increase to depend on the fiscal year ending September 30 in which the retiree retired and to be a percentage of the pension pay that would have been payable on October 1, 1997, but for this increase. Sets forth the schedule for the percentages. Makes conforming and nonsubstantive changes.

SECTION 16. Amends Sections 5.015(c)-(e), Article 6243o, V.T.C.S., to require a member of the fund to have at least 20 years and 1 month of service in the fire or police department, to be eligible to make a Back DROP election under this section, rather than the member contributing a portion his or her salary, as provided by this Act and having contributed and served under certain requirements. Provides that a member's retirement annuity, rather than the average annual salary, is computed in the manner provided by Sections 5.01(c) and (d) of this Act, whichever is applicable. Requires the member's average monthly pension, rather than salary, to be computed by dividing the member's retirement annuity by 12. Provides that the members retirement date is the member's Back DROP date, solely for purposes of computing the monthly pension under this subsection. Provides that time for any service, rather than credit, given for sick leave unused on the date of actual retirement, and that any service, rather than service credit, may be used in the computation of the Back DROP date. Requires the member's retirement annuity to be computed under Section 5.01 (c) or (d) in order to compute the monthly pension of a member making a Back DROP election. Deletes a requirement that the retirement used in the computation is the member's actual retirement date, plus time representing any service credit given for sick leave unused on the actual retirement date. Deletes existing Subsection (g) regarding manner in which the board is required to implement this section. Makes conforming and nonsubstantive changes.

SECTION 17. Amends Sections 5.03(a)-(c), Article 6243o, V.T.C.S., as follows:

- (a) Provides that an active member of the fund is eligible to retire and receive a disability retirement if the member meets certain requirements.
- (b) Prohibits a member of the fund who received a disability before becoming a fire fighter or police officer or while a member of the uniformed service from being entitled to a disability retirement annuity based on that disability.
- (c) Provides that members of the fund are eligible for a disability retirement annuity if the suspended member makes up each deducted contribution after the later of the termination date of the suspension or the exhaustion of any appeal with respect to the suspension. Makes conforming and nonsubstantive changes.

SECTION 18. Amends Section 5.04(a), Article 6243o, V.T.C.S., to authorize an eligible member to receive a disability retirement annuity equal to 50 percent of the member's average monthly total

salary for the highest three years of the last five years computed from the date of retirement, divided by 12, or if the member has served less than three years before the date of retirement, 50 percent of the member's average total salary. Deletes the requirement that the formula exclude overtime pay. Makes conforming changes.

SECTION 19. Amends Sections 5.05(a) and (c), Article 6243o, V.T.C.S., to make conforming and nonsubstantive changes.

SECTION 20. Amends Section 5.07, Article 6243o, V.T.C.S., to make conforming changes.

SECTION 21. Amends Section 5.09(a), Article 6243o, V.T.C.S., to require the board to review the Consumer's Price Index for All Urban Consumers (CPI-U), U.S. City Average, rather than the Moderate Income Families in Large Cities All Items. Deletes provisions regarding computation of an increase of all retirement annuities. Sets forth new provisions for computation of an increase of all retirement annuities.

SECTION 22. Amends Section 5.11, Article 6243o, V.T.C.S., as follows:

(a) Requires a member's benefits to be reduced to the extent necessary to enable benefits to comply with Section 415 of the code, if certain conditions apply.

(b) Provides that any member or beneficiary who receives any distribution from certain plans is entitled to have that distribution transferred directly to another eligible retirement plan of the member's or beneficiary's choice upon certain conditions.

(c) Prohibits the total salary taken into account for any purpose for any member of the fund from exceeding \$200,000 per year for an eligible participant, or \$150,000 per year for an ineligible participant. Requires the dollar limits to be periodically adjusted in accordance with guidelines established by the Secretary of the Treasury. Provides that an eligible participant is any person who first became a member before 1996, and an ineligible participant is any member who is not an eligible participant, for purposes of this paragraph.

(d) Deletes a provision requiring accrued benefits to become 100 percent vested for all members under certain conditions. Requires accrued benefits to become 100 percent vested for members on the earlier termination, or partial termination, if it affects the member, of the fund or on the complete discontinuance of contributions by the municipality to the fund.

(e) and (f) Make conforming changes.

(g) Sets forth requirements for actuarial assumptions used for the determination of benefits.

(h) Makes a conforming change.

(i) Deletes the definition of "code." Makes a conforming change.

(j) Authorizes the board to adjust the benefits of retired members and beneficiaries by increasing certain reduced benefits because of Section 415 of the code. Authorizes the board to adjust the benefits of retired members and beneficiaries, including the restoration, rather than the payment, of benefits previously denied, if Section 415 of the code is amended to permit the payment of amounts previously precluded under Section 415 of the code. Deletes a provision authorizing the board to adjust the benefits of retired members and beneficiaries if the definition of compensation is amended under that section to include amounts previously excluded as compensation.

(k) Requires the board by rule to implement this Act in a manner that preserves the tax qualification of the fund and to revise any provision or program to the extent necessary to retain tax qualification.

(l) Defines "qualified plan."

SECTION 23. Amends Article 6243o, V.T.C.S., by adding Section 5.12, as follows:

Sec. 5.12. 13TH CHECK. Authorizes the board to issue a 13th pension check, effective for any fiscal year ending after 1996 under certain conditions. Provides that the 13th pension check is paid to each retiree receiving an annuity at the time of disbursement and the amount is equal to the pension check paid immediately before the disbursement of the retiree's 13th check, except under certain circumstances. Provides that authorization of a 13th check is subject to the discretion of the board and does not obligate the board to authorize a 13th check for any other year. Defines "annual investment yield."

SECTION 24. Amends Section 6.02, Article 6243o, V.T.C.S., as follows:

(a) Provides that if an active member dies leaving a surviving spouse or children under the age of 18 years, a surviving spouse and the children of an active member are entitled to receive an aggregate death benefit annuity of the same percentage of the member's average total salary that the member would have received as a retirement annuity if the member could have retired on the date of death, subject to Sections 6.03 and 6.08 of this Act. Requires death benefits to be awarded to the surviving spouse, rather than the eligible surviving spouse, and the dependent child or children, rather than the eligible child or children.

(b) Prohibits a child who is born after the date of retirement of the member from being entitled to a death benefit annuity under this Act unless the member was married to the other parent of the child on the date of retirement. Deletes a prohibition regarding the issuance of a retirement annuity to children from any marriage.

(c) Provides that the surviving spouse is entitled to receive a death benefit annuity of a certain amount and prohibits the percentage used in computing the amount from exceeding the percentage to which a member with 25 years of service would have been entitled. Deletes certain percentage amounts.

(d) Provides that the dependent children are entitled to receive an aggregate death benefit annuity of a certain amount and prohibits the percentage used in computing the amount from exceeding the percentage to which a member with 25 years of service would have been entitled. Deletes certain percentage amounts. Authorizes the board to increase the death benefit annuity to two thirds of a certain amount.

(e) and (f) Deletes existing text. Redesignates existing Subsection (g) as Subsection (e). Provides that children under 18 years of age, rather than 17, are entitled to certain benefits. Makes conforming and nonsubstantive changes.

SECTION 25. Amends Section 6.03, Article 6243o, V.T.C.S., as follows:

Sec. 6.03. New heading: DEATH BENEFIT ANNUITY FOR SPOUSE OF MEMBER KILLED IN LINE OF DUTY. Requires a death benefit annuity computed under this subsection to be divided in the manner described by Section 6.02(a). Makes conforming and nonsubstantive changes.

SECTION 26. Amends Section 6.04(e), Article 6243o, V.T.C.S., to require certain benefits to be provided, rather than applied. Makes nonsubstantive changes.

SECTION 27. Amends Section 6.05, Article 6243o, V.T.C.S., to require certain persons to file an affidavit in any case in which marriage could affect the benefits of the surviving spouse or dependent child. Deletes the requirement that an affidavit be filed in order to show probable cause. Sets forth actions the board may take if the surviving spouse, or dependent child fails to file an affidavit. Makes conforming and nonsubstantive changes.

SECTION 28. Amends Section 6.07, Article 6243o, V.T.C.S., to provide that a surviving spouse who has been married to more than one deceased member or retiree is entitled to receive a

death benefit annuity with respect to the deceased member or retiree that will provide the highest benefit. Makes conforming and nonsubstantive changes.

SECTION 29. Amends Section 6.09(b), Article 6243o, V.T.C.S., to require an application for benefits under Subsection (a) of this section be accompanied by a copy of the deceased member's or retiree's tax return filed for the last year ending before the member's or retiree's death or an explanation satisfactory to the board of why the tax can not be provided.

SECTION 30. Amends Section 6.10, Article 6243o, V.T.C.S., as follows:

Sec. 6.10. New heading: **SUSPENSION RIGHTS**. Provides that the member's beneficiaries, rather than dependent parents, have the same rights as any beneficiaries of any other member under this Act. Makes conforming changes.

SECTION 31. Amends Section 6.11(a), Article 6243o, V.T.C.S., to provide that the estate of the deceased member is entitled to a death benefit payment from the fund or the refund of the member's contributions that were picked up by the municipality, if an active member dies and does not leave a surviving spouse, a child under 18, rather than 17, and certain other persons. Makes conforming changes.

SECTION 32. Amends Article 6243o, V.T.C.S., by adding Section 6.12, as follows:

Sec. 6.12. **13TH CHECK**. Requires the board to authorize disbursement of a 13th check to each beneficiary in pay status at the time of the disbursement for any year in which the board authorizes disbursement of a 13th pension check to retirees. Requires the amount of the 13th check to be determined in the same manner as determining a 13th check for a retiree.

SECTION 33. Amends Section 7.04, Article 6243o, V.T.C.S., to provide that the fund may establish organizations, rather than corporations, if a fund owns real estate as described in Section 501(c)(2), rather than 501(c), of the Internal Revenue Code of 1986.

SECTION 34. Amends Section 7.05(a), Article 6243o, V.T.C.S., to authorize the board to contract with attorneys, among other professionals.

SECTION 35. Amends Section 7.51(a), Article 6243o, V.T.C.S., to prohibit a member of the board or the executive director from making certain transactions with the fund. Deletes a provision regarding the standards of conduct and financial disclosure requirements. Makes nonsubstantive changes.

SECTION 36. Amends Article 6243o, V.T.C.S., by adding Article 8, as follows:

ARTICLE 8. EXCESS BENEFIT PLAN FOR FIRE FIGHTERS AND POLICE OFFICERS

Sec. 8.01. **CREATION OF PLAN**. Provides that a separate, nonqualified excess benefit plan is to be established outside the fund. Defines "qualified governmental excess benefit arrangement."

Sec. 8.02. **DEFINITIONS**. Defines "excess benefit participant," "excess benefit plan," "maximum benefit," "qualified plan," and "unrestricted benefit."

Sec. 8.03. **EXCESS BENEFIT ENTITLEMENT**. Sets forth requirements for amounts to be received by an excess benefit participant who is receiving benefits from the fund. Provides that certain persons are entitled to a monthly benefit under the excess benefit plan equal to the benefit determined in accordance with Article 6 of this Act without regard to the limitations under Section 5.11(a) of this Act or Section 415 of the code, less the maximum benefit. Requires any benefit to which a person is entitled to be paid at the same time and in the same manner as the benefit would have been paid from the fund if payment of the benefit is not precluded by Section 5.11(a) of this Act. Prohibits an excess benefit participant or any

beneficiary from electing to defer the receipt of all or any part of a payment due under this article.

Sec. 8.04. MANNER OF ADMINISTRATION. Requires board to administer the plan. Provides that the responsibilities of the board are the same for the excess benefit plan as for the fund, except as provided by this section. Provides that certain persons are to perform services for the excess benefit plan, but prohibits these persons' fees from being paid by the fund. Requires the actuary to advise the board of the amount of benefits that may not be provided from the fund, and the amount of contributions that will be made to the excess benefit plan rather than to the fund.

Sec. 8.05. FUNDING OF BENEFITS. Prohibits contributions from being accumulated under the excess benefit plan to pay future retirement benefits. Requires municipal contributions that would be made to the fund to be reduced to an amount to meet the requirements for retirement benefits under the excess benefit plan until the next payment of municipal contributions is expected to be made to the fund. Requires the municipality to pay to the excess benefit plan the amount necessary to satisfy the obligation to pay monthly retirement benefits from the excess benefit plan, under certain conditions. Requires the board to satisfy the obligation of the excess benefit plan to pay retirement benefits out of the municipal contributions transferred for that month. Sets forth requirements for division of municipal contributions otherwise required to be made to the fund. Prohibits municipal contributions made to provide retirement benefits from being commingled with any other qualified plans.

Sec. 8.06. EXEMPTIONS. Provides that benefits under this article are exempt from garnishment, assignment, attachment, judgment, and other legal process to the same extent as retirement annuities mentioned in Section 1.05.

SECTION 37. Repealer: Sections 5.015(g) and 7.51(c), Article 6243o, V.T.C.S., (Backward deferred retirement option plan (Back DROP); and Policy).

SECTION 38. Provides that the amendments to Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, V.T.C.S.), by this Act may not be applied to reduce the benefits or length of payment of benefits to a beneficiary who was receiving an annuity under Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, V.T.C.S.), before October 1, 1997.

SECTION 39. Effective date: October 1, 1997.

SECTION 40. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Deletes proposed Article I. Defines "active member." Redefines "code," "department," "dependent child," "dependent parent" "member," "total salary," and "years of service." Deletes a definition of "annual investment yield."

SECTION 2.

Redesignates Section 1.04 from SECTION 1. Deletes proposed Article 2.

SECTION 3.

Redesignates Section 2.01 from SECTION 1. Redefines composition of members of the board.

SECTION 4.

Redesignates Section 2.02(e) from SECTION 1. Requires the retiree, rather than the beneficiary, representative to serve on the board.

SECTION 5.

Redesignates Section 2.03 from SECTION 1. Makes a conforming change.

SECTION 6.

Redesignates Section 2.04(a) from SECTION 1.

SECTION 7.

Redesignates Sections 2.06 and 2.07 from SECTION 1. Establishes a new heading for meetings and a quorum. Requires committees to be composed of three or four members, rather than not fewer than three nor more than four members, of the board. Deletes proposed Article 3. Makes nonsubstantive changes.

SECTION 8.

Redesignates Sections 3.01(a) and (b) from SECTION 1. Makes nonsubstantive changes.

SECTION 9.

Redesignates Sections 3.02(a) and (d) from SECTION 1. Authorizes the process for witnesses to be served on any person the board considers, rather than deems, to be an appropriate person.

SECTION 10.

Redesignates Section 3.03 from SECTION 1. Deletes proposed Article 4.

SECTION 11.

Redesignates Section 4.01(a) from SECTION 1. Prohibits a person from becoming eligible for disability retirement benefits, rather than providing that a person will not become eligible for benefits unless certain conditions are met.

SECTION 12.

Redesignates Section 4.03 from SECTION 1. Authorizes a member to receive certain credits, rather than requiring the member to receive certain credits.

SECTION 13.

Redesignates Sections 4.04(a) and (c) from SECTION 1.

SECTION 14.

Redesignates Sections 4.05(b) and (c) from SECTION 1. Deletes proposed nonsubstantive changes to Sections 4.06 and 4.07.

SECTION 15.

Redesignates Section 5.01 from SECTION 1. Redefines the computation for the retirement annuity to include certain provisions based on full months served as a contributing member. Requires members to receive accumulated sick leave under Chapter 143, Local Government Code, rather than proposed subsequent amendments at the time of retirement. Makes nonsubstantive changes.

SECTION 16.

Redesignates Sections 5.015(c)-(e) from SECTION 1. Makes nonsubstantive changes.

SECTION 17.

Redesignates Sections 5.03(a)-(c) from SECTION 1. Makes nonsubstantive changes.

SECTION 18.

Redesignates Section 5.04(a) from SECTION 1. Sets forth a new formula for the determination of monthly disability retirement annuities, by dividing a certain percentage formula by 12. Makes a nonsubstantive change.

SECTION 19.

Redesignates Sections 5.05(a) and (c) from SECTION 1. Makes conforming changes.

SECTION 20.

Redesignates Section 5.07 from SECTION 1.

SECTION 21.

Redesignates Section 5.09 from SECTION 1. Makes a name change from All Urban Customers to All Urban Consumers for the Consumer's Price Index. Provides certain benefits if the member's retirement occurred before October 1, 1989, rather than no later than September 30, 1989, as proposed. Requires a percentage increase in retirement annuities to be rounded to the nearest one-tenth percentage point for a cost of living increase. Makes conforming and nonsubstantive changes.

SECTION 22.

Redesignates Section 5.11 from SECTION 1. Prohibits a change in actuarial assumptions from resulting in a decrease of certain benefits, rather than providing that no change in actuarial assumptions may result in a decrease of certain benefits. Defines "qualified plan." Makes nonsubstantive changes.

SECTION 23.

Redesignates Article 5 from SECTION 1. Authorizes the board to disburse a 13th check based on the preceding five fiscal years, rather than the rolling five fiscal years. Requires a 13th check to be paid to each retiree receiving an annuity, rather than retirees in pay status. Defines "annual investment yield." Makes conforming and nonsubstantive changes.

SECTION 24.

Redesignates Section 6.02 from SECTION 1. Makes nonsubstantive changes.

SECTION 25.

Redesignates Section 6.03 from SECTION 1. Makes nonsubstantive changes.

SECTION 26.

Redesignates Section 6.04 from SECTION 1.

SECTION 27.

Redesignates Section 6.05 from SECTION 1. Deletes a proposed provision that certain persons under this Act may be required to file an affidavit concerning the person's or the person's ward's marital status.

SECTION 28.

Redesignates Section 6.07 from SECTION 1. Makes nonsubstantive changes.

SECTION 29.

Redesignates Section 6.07 from SECTION 1. Makes conforming and nonsubstantive changes.

SECTION 30.

Redesignates Section 6.10 from SECTION 1.

SECTION 31.

Redesignates Section 6.11(a) from SECTION 1.

SECTION 32.

Redesignates Article 6 from SECTION 1. Makes conforming and nonsubstantive changes.

SECTION 33.

Redesignates Section 7.04(c) from SECTION 1. Makes conforming changes.

SECTION 34.

Redesignates Section 7.05(a) from SECTION 1.

SECTION 35.

Redesignates Section 7.51(a) from SECTION 1. Makes conforming changes.

SECTION 36.

Redesignates Article 8 from SECTION 1. Provides that a separate, nonqualified, unfunded excess benefit plan containing the provisions of this subchapter is created outside the fund. Defines "qualified governmental excess benefit arrangement." Deletes application of definition clause. Redefines "excess benefit plan," "maximum benefit," "qualified plan," "unrestricted benefit." Makes conforming and nonsubstantive changes.

SECTION 37.

Repeals Sections 5.015(g) and 7.51(c), Article 6243o, V.T.C.S. (Backward deferred retirement option plan (Back DROP); and Policy).

SECTION 38.

Provides that the amendments to Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, V.T.C.S.), by this Act may not be applied to reduce the benefits or length of payment of benefits to a beneficiary who was receiving an annuity under Chapter 824, Acts of the 73rd Legislature, Regular Session, 1993 (Article 6243o, V.T.C.S.), before October 1, 1997.

SECTION 39.

Redesignates effective date from SECTION 2. Provides that this Act takes effect October 1, 1997.

SECTION 40.

Redesignates emergency clause from SECTION 3.