

BILL ANALYSIS

Senate Research Center
76R3557 GCH-F

S.B. 431
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As Filed

DIGEST

Currently, a Deferred Retirement Option Plan (DROP) is available to certain firefighters in certain municipalities, but if a firefighter dies before retirement, there is no provision to allow a surviving spouse or child to take advantage of the DROP program. This bill establishes certain provisions to allow a surviving spouse or child to take advantage of the DROP program.

PURPOSE

As proposed, S.B. 431 establishes certain provisions to allow a surviving spouse or child to take advantage of the Deferred Retirement Option Plan in certain municipalities.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 6243e.1, V.T.C.S., by adding Section 1.05, as follows:

Sec. 1.05. AGREEMENT MAY NOT SUPERSEDE THIS ACT. Prohibits an agreement between a public employer and an association under Chapter 143I, Local Government Code, from superseding or preempting any provision of this Act, and prohibits the increase, diminishment, or qualification of any right, benefit, privilege, or obligation under this Act.

SECTION 2. Amends Section 8.04, Article 6243e.1, V.T.C.S., to require, rather than prohibit, the amount credited monthly to the member's Deferred Retirement Option Plan (DROP) account to be increased as a result of any increase in the formula used in computing service retirement benefits of this Act that occurs after the effective date of the member's election to participate in the DROP but before the effective date of the member's retirement.

SECTION 3. Amends Section 8.06, Article 6243e.1, V.T.C.S., by adding Subsections (d) and (e), as follows:

(d) Authorizes a surviving spouse of a member who did not establish a DROP account but was eligible to do so and dies before retirement to elect to participate in the DROP if the surviving spouse has not received any benefit payments under Section 7.01 of this Act. Sets forth certain payments to be made to a surviving spouse who makes an election under this subsection.

(e) Authorizes the surviving dependent children, if there is no surviving spouse of a member who did not establish a DROP account but was eligible to do so and who dies before retirement, to elect to participate in the DROP if the surviving dependent children have not received any benefit payments under Section 7.05 of this Act. Requires an election under this subsection to be made by all of the surviving dependent children, except that the guardian of any child who is younger than 18 years of age at the time of the election makes a binding election for the child. Sets forth certain payments to be made to surviving dependent children who make an election under this subsection.

SECTION 4. Amends Section 9.04(b), Article 6243e.1, V.T.C.S., to prohibit payment of the portion of the adjustment under Subsection (a) of this section that exceeds one-half of one percent of the benefit unless the board's actuary has advised the board of trustees that the adjustment would not impair the

financial stability of the fund and the adjustment has been approved by the affirmative vote of a majority of the board of trustees.

SECTION 5. Effective date: September 1, 1999.

SECTION 6. Emergency clause.