

## **BILL ANALYSIS**

Senate Research Center  
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C.S.H.B. 1114  
By: Nixon (Duncan)  
State Affairs  
5/18/2005  
Committee Report (Substituted)

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Most state district and appellate judges are in the state retirement system, Judicial Retirement System Plan II. Like state employees, judges make contributions to the retirement system. However, a judge who serves twenty years is not required to make an additional contribution to the system and cannot receive any additional retirement credit for continuing to remain on the bench. The result of being unable to increase retirement service credit despite continuing to act as a state official is often cited as a reason for experienced judges to leave the bench after they have served 20 years.

C.S.H.B. 1114 allows all Plan II judges to continue to make contributions into their retirement system after 20 years of service and allows them to receive additional service credit.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Judicial Retirement System of Texas Plan I board of trustees in SECTION 1 (Section 833.1035, Government Code) of this bill.

Rulemaking authority is expressly granted to the Judicial Retirement System of Texas Plan II board of trustees in SECTION 5 (Section 838.1035, Government Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter B, Chapter 833, Government Code, by adding Section 833.1035, as follows:

Sec. 833.1035. SERVICE IN EXCESS OF 20 YEARS. (a) Authorizes an eligible member, subject to the limitation on the amount of a retirement annuity under Section 834.102(c), to establish service credit in the public retirement system for service in excess of 20 years performed before September 1, 2005.

(b) Provides that a member eligible to establish credit under Subsection (a) is one who elects to make contributions under Section 835.1015.

(c) Prohibits a member from establishing more than 120 months of service credit under this section.

(d) Authorizes a member to establish credit under this section by depositing with the retirement system a contribution computed for each month of qualifying service claimed at the rate of six percent of the member's current monthly salary.

(e) Authorizes the Judicial Retirement System of Texas Plan I board of trustees to adopt rules to administer this section.

SECTION 2. Amends Section 834.102, Government Code, by adding Subsection (c), to set forth the formula for a service retirement annuity of a member qualifying for retirement under Section 834.101(a) (Eligibility for Service Retirement Annuity).

SECTION 3. Amends Subsection Section 835.101(c), Government Code, by providing that, except as provided by Section 835.1015, a member who accrues 20 years of service credit in the retirement system ceases making contributions under this section.

SECTION 4. Amends Subchapter B, Chapter 835, Government Code, by adding Section 835.1015, as follows:

Sec. 835.1015. CONTRIBUTIONS AFTER 20 YEARS OF SERVICE CREDIT. (a) Authorizes a judicial officer who is a member of the retirement system and who accrues 20 years of service credit in the retirement system to elect to make contributions for each subsequent year of service credit that the member accrues by filing an application with the Judicial Retirement System of Texas Plan One.

(b) Requires a member who elects to make contributions under Subsection (a) to contribute two percent of the member's state compensation for each payroll period in the manner provided by Sections 835.101(a) and (b).

(c) Prohibits a member from making contributions under this section for more than 10 years of subsequent service credit that the member accrues.

SECTION 5. Amends Subchapter B, Chapter 838, Government Code, by adding Section 838.1035, as follows:

Sec. 838.1035. SERVICE IN EXCESS OF 20 YEARS. Authorizes an eligible member, subject to the limitation on the amount of a retirement annuity under Section 839.102(d), to establish service credit in the retirement system for service in excess of 20 years performed before September 1, 2005.

(b) Provides that a member eligible to establish credit under Subsection (a) is one who elects to make contributions under Section 840.1025.

(c) Prohibits a member from establishing more than 120 months of service credit under this section.

(d) Authorizes a member to establish credit under this section by depositing with the retirement system a contribution computed for each month of qualifying service claimed at the rate of six percent of the member's current monthly salary.

(e) Authorizes the Judicial Retirement System of Texas Plan II board of trustees to adopt rules to administer this section.

SECTION 6. Amends Section 839.102, Government Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Makes a conforming change.

(d) Provides that the service retirement annuity of a member qualifying for retirement under Section 839.101(a) is the applicable state salary under Subsection (a) multiplied by a percentage amount that is the sum of 50 percent plus the product of two percent multiplied by the number of years of subsequent service credit the member accrues under Section 840.1025(a). Prohibits, after including any increase under Subsection (b), the service retirement annuity under this subsection from being an amount that is greater than 80 percent of the applicable salary under Subsection (a).

SECTION 7. Amends Section 840.102(g), Government Code, to provide that a member, except as provided by Section 840.1025, who accrues 20 years of service credit in the retirement system ceases making contributions under this section but is considered a contributing member for all other purposes under this subtitle.

SECTION 8. Amends Subchapter B, Chapter 840, Government Code, by adding Section 840.1025, as follows:

Sec. 840.1025. CONTRIBUTIONS AFTER 20 YEARS OF SERVICE CREDIT. (a) Authorizes a judicial officer who is a member of the retirement system and who accrues

20 years of service credit in the retirement system to elect to make contributions for each subsequent year of service credit that the member accrues by filing an application with the Judicial Retirement System of Texas Plan Two.

(b) Requires a member who elects to make contributions under Subsection (a) to contribute two percent of the member's state compensation for each payroll period in the manner provided by Sections 840.102(b)-(f). Provides that Section 840.105 does not apply to a contribution under this section.

(c) Prohibits a member from making contributions under this section for more than 10 years of subsequent service credit that the member accrues.

SECTION 9. Makes application of Sections 834.102 and 839.102, Government Code, as amended by this Act, prospective.

SECTION 10. Effective date: September 1, 2005.