

GOVERNMENT CODE

TITLE 8. PUBLIC RETIREMENT SYSTEMS

SUBTITLE B. EMPLOYEES RETIREMENT SYSTEM OF TEXAS

CHAPTER 820. CASH BALANCE BENEFIT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 820.001. DEFINITION. In this chapter, "accumulated account balance" means the total of amounts in a member's individual account in the employees saving account, including:

(1) amounts deducted from the compensation of the member;

(2) other member deposits required to be placed in the member's individual account; and

(3) interest credited to amounts in the member's individual account, including interest and gain sharing interest credited in accordance with Sections [820.102](#) and [820.103](#), respectively.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. [321](#)), Sec. 21, eff. September 1, 2021.

Sec. 820.002. APPLICABILITY. This chapter applies only to a member of the employee or elected class of membership who:

(1) was hired or took office on or after September 1, 2022; and

(2) was not a member on the date the member was hired or took office.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. [321](#)), Sec. 21, eff. September 1, 2021.

Sec. 820.003. CONFLICT OF LAW. To the extent of a conflict between this chapter, including a rule adopted by the retirement system under authority of this chapter, and any other law, this chapter prevails.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. [321](#)), Sec. 21, eff. September 1, 2021.

Sec. 820.004. RULES. The board of trustees may adopt rules necessary to implement this chapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. 321), Sec. 21, eff. September 1, 2021.

#### SUBCHAPTER B. CASH BALANCE BENEFITS

Sec. 820.051. APPLICATION FOR CASH BALANCE BENEFIT. (a) A member may apply for a cash balance annuity by filing an application for retirement with the board of trustees.

(b) An application for a cash balance annuity may not be made:

(1) after the date the member wishes to retire; or

(2) more than 90 days before the date the member wishes to retire.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. 321), Sec. 21, eff. September 1, 2021.

Sec. 820.052. ELIGIBILITY FOR CASH BALANCE BENEFIT. A member:

(1) who has service credit in the employee class of membership is eligible to retire and receive a cash balance annuity if the member:

(A) is at least 65 years old and has five years of service credit in that class; or

(B) has at least five years of service credit in that class and the sum of the member's age and amount of service credit in that class, including months of age and credit, equals or exceeds the number 80;

(2) who:

(A) has at least 20 years of service credit as a law enforcement or custodial officer is eligible to retire regardless of age and receive a cash balance annuity in an amount computed and funded as provided by Section 820.053; or

(B) is at least 55 years old and has at least 10 years of service credit as a law enforcement or custodial officer is eligible to retire and receive a cash balance annuity in an amount

computed and funded as provided by Section 820.053, provided that the member is only entitled to the enhanced benefit described by Section 820.053(a)(2)(B) if the member has at least 20 years of service as a law enforcement or custodial officer; or

(3) who has service credit in the elected class of membership is eligible to retire and receive a cash balance annuity if the member:

(A) is at least 60 years old and has eight years of service credit in that class; or

(B) is at least 50 years old and has 12 years of service credit in that class.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. 321), Sec. 21, eff. September 1, 2021.

Sec. 820.053. CASH BALANCE BENEFITS FOR MEMBERS. (a) The state match for the cash balance benefit for:

(1) service credited to the employee class of membership is an amount computed by multiplying the member's accumulated account balance by 150 percent;

(2) service credited to the employee class of membership by a member eligible to retire under this chapter as a law enforcement or custodial officer is an amount computed by multiplying the member's accumulated account balance by:

(A) except as provided by Paragraph (B), 150 percent; and

(B) for the portion of the accumulated account balance based on the member's additional two percent contribution under Section 820.101(b), including interest, attributable to service as a law enforcement or custodial officer, 300 percent, paid from the law enforcement and custodial officer supplemental retirement fund; and

(3) subject to Subsection (c), service credited to the elected class of membership is an amount computed by multiplying the member's accumulated account balance by 150 percent.

(b) The retirement system shall compute a member's cash balance annuity under this section by taking the sum of the member's accumulated account balance and the state match computed under

Subsection (a) and annuitizing that amount over the life expectancy of the member as of the effective date of the member's retirement using mortality and other tables adopted by the board for that purpose under Section 815.105.

(c) For purposes of this section, a member of the elected class of membership under Section 812.002(a)(2) shall have the member's accumulated account balance computed as if the contributions to the account were based on the state base salary, excluding longevity pay payable under Section 659.0445, being paid a district judge as set by the General Appropriations Act in accordance with Section 659.012(a).

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. 321), Sec. 21, eff. September 1, 2021.

Sec. 820.054. DEATH AND DISABILITY BENEFITS.

(a) Notwithstanding any other law, a member subject to this chapter, a retiree receiving a cash balance annuity under this chapter, or the beneficiary of a member or retiree described by this subsection, who qualifies for a death or survivor benefit annuity or a disability retirement annuity under Chapter 814 is entitled to a cash balance annuity under Section 820.053 instead of the annuity otherwise provided under Chapter 814.

(b) The board of trustees may enter into contracts to provide additional death and disability benefits under this chapter.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. 321), Sec. 21, eff. September 1, 2021.

SUBCHAPTER C. CONTRIBUTIONS AND INTEREST

Sec. 820.101. COLLECTION OF MEMBER CONTRIBUTIONS.

(a) Each payroll period, each department or agency of the state shall cause to be deducted from the compensation of a member subject to this chapter a contribution of six percent of the compensation of the member.

(b) In addition to the contribution under Subsection (a), each department or agency of the state that employs a law

enforcement or custodial officer who is a member subject to this chapter shall deduct an additional two percent contribution from the member's compensation, to be deposited in the law enforcement and custodial officer supplemental retirement fund.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. 321), Sec. 21, eff. September 1, 2021.

Sec. 820.102. ANNUAL INTEREST ADJUSTMENT. Each fiscal year, the retirement system shall deposit for a member subject to this chapter an amount equal to four percent of the member's accumulated account balance deposited into the member's individual account in the employees saving account.

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. 321), Sec. 21, eff. September 1, 2021.

Sec. 820.103. GAIN SHARING INTEREST ADJUSTMENT. (a) Each fiscal year and subject to Subsection (b), the retirement system shall compute the gain sharing interest rate applicable to the subsequent fiscal year by:

(1) determining the average return on the investment of the system's cash and securities during the preceding five fiscal years, expressed as a percentage rate;

(2) subtracting four percentage points from the percentage rate determined under Subdivision (1); and

(3) multiplying the sum determined under Subdivision (2) by 50 percent.

(b) Subject to Subsection (c), in addition to the amount deposited under Section 820.102, each fiscal year, the retirement system shall:

(1) deposit into each member's individual account in the employees saving account an amount equal to the gain sharing interest rate determined under Subsection (a) for the fiscal year multiplied by the member's accumulated account balance; and

(2) recalculate the annuity of a retiree or annuitant under this chapter by multiplying the annuity by an amount equal to the gain sharing interest rate determined under Subsection (a).

(c) The gain sharing interest rate applied under Subsection

(b) may not be less than zero or more than three percent.

(d) Subsection (b) applies only to a retiree who is receiving a cash balance annuity under Section [820.053](#).

Added by Acts 2021, 87th Leg., R.S., Ch. 940 (S.B. [321](#)), Sec. 21, eff. September 1, 2021.