

GOVERNMENT CODE

TITLE 8. PUBLIC RETIREMENT SYSTEMS

SUBTITLE F. TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

CHAPTER 844. BENEFITS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 844.001. TYPES OF BENEFITS. (a) Pension benefits payable from the retirement plan and trust are:

(1) retirement annuities payable on service retirements;

(2) retirement annuities payable on disability retirements;

(3) survivor annuities payable on the deaths of members; and

(4) refunds of accumulated contributions.

(b) Nonpension group term life coverage may be provided by an electing subdivision for its employees and retirees under the optional group term life program. The board of trustees shall administer the program, and insurance proceeds are payable from the optional group term life fund.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.001 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 122, Sec. 20, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 27, eff. January 1, 2008.

Sec. 844.002. COMPOSITION OF RETIREMENT ANNUITY. (a) Each retirement annuity payable under this subtitle consists of a basic annuity and a supplemental annuity.

(b) A basic annuity is an amount payable from the subdivision accumulation fund and is actuarially determined from the sum of a member's:

(1) accumulated contributions; and

(2) current service credit.

(c) A supplemental annuity is an amount payable from the subdivision accumulation fund, subject to limitation under Section [844.008](#), and is actuarially determined from the sum of:

- (1) a member's allocated prior service credit; and
- (2) a member's multiple matching credit.

(d) Any increase in the annuity granted by a participating subdivision is payable from the subdivision accumulation fund as part of the supplemental annuity.

(e) A separate retirement annuity is payable with respect to each subdivision from which a person retires under this subtitle or is considered to have retired.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1985, 69th Leg., ch. 491, Sec. 15, eff. June 12, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.002 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1999, 76th Leg., ch. 427, Sec. 22, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 21, eff. Dec. 31, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 506 (H.B. [633](#)), Sec. 16, eff. January 1, 2006.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 28, eff. January 1, 2008.

Acts 2015, 84th Leg., R.S., Ch. 303 (S.B. [463](#)), Sec. 2, eff. June 1, 2015.

Sec. 844.003. EFFECTIVE DATE OF RETIREMENT. (a) Except as otherwise provided by this section, the effective date of a member's service retirement is the date the member designates at the time the member applies for retirement under Section [844.101](#), but the date must be the last day of a calendar month and may not precede the date the member terminates employment with the subdivision from which the member seeks to retire.

(b) If a member who is an eligible member under Section [844.407](#) dies before retirement, the member is considered to have retired on the last day of the month before the month in which death occurred.

(b-1) A vested member who has not retired before the member's required beginning date determined under Section 841.010 is considered to have retired on the last day of the month preceding the member's required beginning date.

(c) The effective date of a member's disability retirement is the date the member designates at the time the member applies for retirement under Section 844.301, but the date must be the last day of a calendar month and may not precede the later of the date the member became disabled or the date the member terminated employment with all participating subdivisions.

(d) A member who is eligible for service retirement and who terminates employment with a participating subdivision may apply for and receive a service retirement annuity based on service for that subdivision despite the fact that the member is or becomes an employee of another participating subdivision.

(e) Notwithstanding Subsections (a), (b), (b-1), (c), and (f), the effective retirement date of a member may not precede the first anniversary of the effective date of participation of the subdivision.

(f) The board of trustees by rule may authorize a retiring member to designate an effective service or disability retirement date that is not more than six months before the date the retirement system receives the retirement application. A rule adopted under this section may not suspend another requirement provided by this section for retirement.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1987, 70th Leg., ch. 63, Sec. 7, eff. May 6, 1987. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.003 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1993, 73rd Leg., ch. 175, Sec. 8, eff. Jan. 1, 1994; Acts 1993, 73rd Leg., ch. 536, Sec. 1, Jan. 1, 1994; Acts 1995, 74th Leg., ch. 245, Sec. 9, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 309, Sec. 8, 33, eff. Dec. 1, 1997; Acts 1999, 76th Leg., ch. 65, Sec. 1, eff. May 10, 1999; Acts 1999, 76th Leg., ch. 427, Sec. 23, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 22, eff. Dec. 31, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 506 (H.B. 633), Sec. 17, eff. January 1, 2006.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 29, eff. January 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. 407), Sec. 16, eff. January 1, 2010.

Sec. 844.004. STANDARD RETIREMENT ANNUITY. (a) The standard retirement annuity payable under this subtitle is computed with an allowance for the possible payment of a benefit under Section 844.402 and is the actuarial equivalent of the sum of a member's:

- (1) accumulated contributions;
- (2) current service credit;
- (3) allocated prior service credit; and
- (4) multiple matching credit.

(b) A standard retirement annuity is payable throughout the life of a retiree.

Added by Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 30, eff. January 1, 2008.

Sec. 844.0041. OPTIONAL RETIREMENT ANNUITIES. (a) Instead of the standard retirement annuity payable under Section 844.004, a retiring member may receive an optional retirement annuity under this section or an optional retirement annuity in another form authorized by the board of trustees.

(b) At a member's effective retirement date, an optional retirement annuity is actuarially equivalent to the standard retirement annuity to which the member is entitled.

(c) An optional retirement annuity under this section is:

(1) a retirement annuity that is payable monthly throughout the life of a retiree, and after the retiree's death, throughout the life of an individual designated by the retiree; or

(2) a monthly retirement annuity that is payable throughout the life of a retiree and, if the retiree dies before 180 monthly payments have been made, the remainder of the 180 monthly payments are payable to the retiree's beneficiary or, if a

beneficiary does not exist, to the retiree's spouse or, if no surviving spouse exists, to the retiree's estate.

(d) The board of trustees by rule may authorize additional forms of optional retirement annuities, each of which must be actuarially equivalent to the standard retirement annuity to which the retiree is entitled as of the effective retirement date.

Added by Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 30, eff. January 1, 2008.

Sec. 844.0042. AUTHORITY TO PAY BENEFITS UNDER ALTERNATE FORMS. (a) The board of trustees may authorize the payment of the benefit that is due a recipient to be made as a lump sum or in another alternate form that is actuarially equivalent to the benefit that would otherwise be payable to the recipient at the time payments to the recipient would begin. An authorization under this subsection may be made as a policy of general application or may be made on a case-by-case basis considering the particular facts and circumstances.

(b) Payment to a retiree in a lump sum or other alternate form may not be made without the retiree's consent if the payment is to be sent to an address in the United States and the present value of the retiree's benefit exceeds a minimum amount set by the board of trustees. A retiree who receives payment in a lump sum or other alternate form under this section continues as a retiree for purposes of a benefit provided by the subdivision under the optional group term life program.

(c) Except as otherwise limited under Subsection (b), payment under this section is within the exclusive discretion of the board of trustees, and payment in a lump sum or other alternate form constitutes full satisfaction of the retirement benefit otherwise owed to the recipient.

(d) The board of trustees may adopt rules for the administration of this section, including rules for the payment of benefits internationally and for the verification of a continuing right to receive payments.

Added by Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 30, eff. January 1, 2008.

Sec. 844.005. WHEN ANNUITY IS PAYABLE; CHANGES BEFORE FIRST PAYMENT. (a) A retiree may revoke an application for retirement, change the retiree's choice of retirement annuity payment plans, or change the designation of beneficiary after the retiree's effective date of retirement by filing written notice with the retirement system not later than the last day of the month a benefit payment is first made. After that day, a retiree may not revoke the application for retirement, change the annuity payment plan selected, or change the designated beneficiary except under Section [844.006](#).

(b) If an applicant for retirement dies on or before the last day that the application for retirement could have been revoked under Subsection (a), the decedent's application for retirement is considered canceled, except that the valid beneficiary designations made in connection with the retirement application remain in effect. The beneficiary of a decedent who had been an eligible member under Section [844.407](#) may receive an annuity in accordance with that section.

(b-1) Under rules established by the board of trustees, the retirement system may cancel an application for retirement if the applicant fails to timely provide all information and forms necessary to put the retirement into effect.

(c) An annuity under this subtitle is payable to a retiree or beneficiary through the month in which the retiree or beneficiary dies. A continuation of an optional annuity begins with payment for the month following the month in which death occurs.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.005 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 245, Sec. 10, eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 122, Sec. 23, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 31, eff. January 1, 2008.

Sec. 844.006. CHANGE OF BENEFICIARY OR DIVISION OF BENEFIT FOR CERTAIN PERSONS RECEIVING MONTHLY BENEFITS. (a) A retiree who is receiving payments under a retirement annuity computed on the life of the retiree only may revoke any existing selection and designation of beneficiary nominated to receive any payments that may become due under the annuity after the retiree's death and may select a new beneficiary to whom payments may be made.

(b) A person who, as beneficiary of a deceased retiree, is receiving monthly payments of any fixed-term annuity described by Subsection (a) may select and designate a person to whom shall be paid any monthly payments that may become due under the annuity after the death of the beneficiary making the designation. If a valid beneficiary designation is not on file with the retirement system, any monthly payments that become due after the death of the beneficiary are payable to the beneficiary's spouse or, if no surviving spouse exists, to the beneficiary's estate.

(c) A retiree who is receiving payments under a retirement annuity computed on the joint lives of the retiree and the retiree's designated beneficiary may revoke the designation of the beneficiary to receive the annuity on the death of the retiree, if a court of competent jurisdiction in a divorce proceeding involving the retiree and beneficiary awards to the retiree the entire retirement benefit earned by the retiree. The order awarding the retirement benefit may be set forth in the divorce decree or in an order approving the terms of a property settlement agreement incident to the divorce of the retiree and beneficiary but must be dated on or after December 31, 1999. The revocation takes effect when the retirement system receives it and cancels the optional annuity selection made by the retiree. Beginning with the month following the month in which the retirement system receives the notice of revocation, the retiree is entitled to receive a standard retirement annuity in the same amount that the retiree would receive for the same month if the retiree had originally retired with a standard retirement annuity.

(d) The benefit payable to a retiree who is receiving payments of a standard or optional retirement annuity may be divided by the retirement system into two annuities in accordance

with the terms of a model qualified domestic relations order adopted by the board of trustees by rule.

(e) The division of an annuity under Subsection (d) is effective when the order is determined by the retirement system to be a qualified domestic relations order, and the amount of each of the two annuities shall be computed by the retirement system at that time, based on tables that have been adopted by the retirement system and in effect at that time, so that the two annuities are actuarially equivalent at the time of division to the annuity being divided.

(f) The board of trustees has sole authority and discretion to specify the terms and format that are required for a domestic relations order to be acceptable for purposes of this section, to require strict compliance for qualification, and to define the terms and features of the benefit awarded an alternate payee under the order. The board by rule may establish requirements for forms, documentation, and procedures necessary or desirable for the administration of this section.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 11, eff. Jan. 1, 1992.

Amended by Acts 1993, 73rd Leg., ch. 175, Sec. 9, 10, eff. Jan. 1, 1994; Acts 1999, 76th Leg., ch. 427, Sec. 24, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 24, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 32, eff. January 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. [407](#)), Sec. 17, eff. January 1, 2010.

Sec. 844.007. INTEREST CREDIT FOR OTHER THAN DECEMBER RETIREMENTS. A member who retires with an effective retirement date other than December 31 will be credited interest on the beginning balance in the member's individual account from January 1 of the year of retirement to the effective date of retirement.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 11, eff. Jan. 1, 1992.

Amended by Acts 1995, 74th Leg., ch. 245, Sec. 11, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 427, Sec. 25, 64(6), eff. Dec. 31, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 33, eff. January 1, 2008.

Sec. 844.008. LIMITATION ON PAYMENT OF BENEFITS. (a) Notwithstanding any other provision of this subtitle, the benefit payable to a retiree of the retirement system may not exceed the maximum benefit permitted under Section 415(b) of the Internal Revenue Code of 1986 as adjusted in accordance with Section 415(d) of that code. Any adjustments are applicable to the postretirement benefits of retirees as well as to the benefits of retiring members. For the purpose of determining whether the benefit of a retiring member or retiree exceeds the limitations provided in this section, all defined benefit plans of the employer and of entities required to be aggregated with the employer for purposes of Section 415 of the Internal Revenue Code of 1986 are to be treated as one defined benefit plan for purposes of Section 415 of that code. The limitation year for determining maximum benefits is the calendar year.

(b) An employer may not provide employee retirement benefits under a defined benefit plan other than the retirement system to the extent that the provision of the benefits, when considered together with the benefits provided under the retirement system, would result in the failure of the retirement system to meet any of the limitation requirements of Section 415 of the Internal Revenue Code of 1986, and the benefits of the other plan will automatically be reduced, eliminated, or adjusted to the extent necessary to prevent the failure.

Added by Acts 1993, 73rd Leg., ch. 175, Sec. 11, eff. Jan. 1, 1994.

Amended by Acts 1995, 74th Leg., ch. 245, Sec. 12 to 14, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 309, Sec. 9, eff. Dec. 1, 1997.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. [407](#)), Sec. 18, eff. January 1, 2010.

Sec. 844.009. PARTIAL LUMP-SUM DISTRIBUTION ON SERVICE RETIREMENT.

(a) With the consent of the board of trustees, the governing body of a subdivision may authorize partial lump-sum distributions under this section.

(b) A member who is eligible and applies for service retirement may simultaneously apply for a partial lump-sum distribution under this section.

(c) The amount of a lump-sum distribution under this section may not exceed 100 percent of the total accumulated contributions in the member's individual account in the employees saving fund attributable to service with the subdivision for which the member has applied for retirement.

(d) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(12), eff. January 1, 2008.

(e) For all purposes, the member's basic annuity is the annuity actuarially determined from the sum remaining under Section [844.002\(b\)](#) after deducting the amount of the lump-sum distribution.

(f) The amount of a lump-sum distribution made under this section is considered to be an annuity payment for the purpose of determining whether the amount in the retiree's individual account in the employees saving fund available for distribution at the time of retirement exceeds the total amount of annuity payments made.

(g) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(12), eff. January 1, 2008.

(h) No portion of a benefit awarded to an alternate payee under a qualified domestic relations order may be distributed in the form of a lump sum under this section, unless the member and the alternate payee agree in writing that the alternate payee will receive all or a portion of the lump-sum distribution payable under this section instead of or as part of the benefits awarded under the qualified domestic relations order.

(i) Repealed by Acts 2001, 77th Leg., ch. 122, Sec. 56(2), eff, Dec. 31, 2001.

Added by Acts 1999, 76th Leg., ch. 901, Sec. 1, eff. Dec. 31, 1999;
Amended by Acts 2001, 77th Leg., ch. 122, Sec. 25, 56(2), eff. Dec. 31, 2001; Acts 2003, 78th Leg., ch. 621, Sec. 19, eff. Jan. 1, 2004.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 34, eff.

January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 92(12),
eff. January 1, 2008.

Sec. 844.010. CERTAIN BENEFICIARY DESIGNATIONS. (a) A beneficiary designation that names a former spouse as beneficiary is invalid for purposes of this subtitle unless the designation:

(1) is made or confirmed in writing after the date of divorce; or

(2) was made by a retiree who, at the time of divorce, is receiving payments under an optional service or disability retirement with payments to continue to the beneficiary for the beneficiary's life.

(b) In addition to the authority provided by Section 804.051, the board of trustees may adopt rules to require consent of a member's spouse to:

(1) the member's designation of a beneficiary who is not the member's spouse;

(2) the member's selection of an optional form of retirement benefit; or

(3) the member's election of a withdrawal of contributions.

(c) A benefit payable under this subtitle is not subject to a will, other testamentary document, or the law of intestacy to the extent that the member, retiree, or other former member has a different beneficiary under the retirement system than under the testamentary document or law of intestacy.

(d) The board of trustees may adopt rules concerning the designation, validity, cancellation, revocation, and eligibility of beneficiaries under this subtitle.

Added by Acts 2003, 78th Leg., ch. 621, Sec. 20, eff. Jan. 1, 2004.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 35, eff. January 1, 2008.

SUBCHAPTER B. SERVICE RETIREMENT BENEFITS

Sec. 844.101. APPLICATION FOR SERVICE RETIREMENT ANNUITY.

To receive a retirement annuity for service, an eligible member must apply by filing a valid application with the retirement system.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.102 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 245, Sec. 15, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 427, Sec. 26, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 26, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 36, eff. January 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. 407), Sec. 19, eff. January 1, 2010.

Sec. 844.102. SYSTEMWIDE ELIGIBILITY FOR SERVICE RETIREMENT ANNUITY. (a) A member is eligible to apply for and receive a service retirement annuity if the member:

(1) is at least 60 years old and has at least 10 years of credited service in the retirement system;

(2) has at least 30 years of credited service in the retirement system; or

(3) has at least 10 years of credited service in the retirement system and the sum of the member's credited service and attained age equals or exceeds the number 80.

(b) A person who has retired under this section with a service retirement annuity is eligible, without regard to any age or credited service requirement, to apply for and receive a service retirement annuity based on the member's accumulated contributions and service credit with any participating subdivision from which the person has terminated employment.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.102 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1999, 76th Leg., ch. 427, Sec. 27, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 26, eff. Dec. 31,

2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 37, eff. January 1, 2008.

Sec. 844.1021. OPTIONAL ELIGIBILITY PROVISIONS FOR SERVICE RETIREMENT. (a) In accordance with this subtitle, a subdivision may adopt any optional service retirement eligibility provision described by this section or authorized by the board of trustees.

(b) A subdivision may not revoke its adoption of an optional service retirement eligibility provision described by this section. A subdivision may adopt an optional service retirement eligibility provision providing less restrictive eligibility requirements.

(c) An optional service retirement eligibility provision may provide that a member who has at least 10 years of credited service is eligible to apply for retirement if the member has attained age 60 or an age at which the sum of the member's credited service and attained age equals or exceeds the number 75.

(d) An optional service retirement eligibility provision may provide that a member who has at least eight years of credited service is eligible to apply for retirement if the member has attained age 60.

(e) An optional service retirement eligibility provision may provide that a member who has at least five years of credited service is eligible to apply for retirement if the member has attained age 60.

(f) An optional service retirement eligibility provision may provide that a member who has at least 20 years of credited service is eligible to apply for retirement.

(g) The board of trustees may authorize additional optional service retirement eligibility provisions for adoption by participating subdivisions.

(h) The board of trustees shall establish rules for recognizing and combining a member's service credited under dissimilar retirement eligibility provisions for purposes of meeting the retirement eligibility provisions of the respective

subdivisions.

Added by Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 38, eff. January 1, 2008.

Sec. 844.1022. SPECIAL ELIGIBILITY PROVISIONS FOR SERVICE RETIREMENT. (a) Subject to the consent of the board of trustees and effective for the period and on terms that the board approves, a subdivision may adopt a special service retirement eligibility provision that relates to a singular, identifiable event or action particular to the subdivision and that applies only to its members who satisfy the specific terms of the special eligibility provision.

(b) A special service retirement eligibility provision must bear a rational relationship to the operation, management, and function of the subdivision.

(c) A special service retirement eligibility provision may not be adopted or implemented under this section in a manner that has the effect of establishing a separate, ongoing retirement program for a branch, department, division, employee occupational group, or other separately identifiable component of the subdivision.

Added by Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 38, eff. January 1, 2008.

SUBCHAPTER C. OPTIONAL RETIREMENT BENEFITS

Sec. 844.208. OPTIONAL INCREASE IN RETIREMENT ANNUITIES.

(a) The governing body of a participating subdivision, from time to time but not more frequently than once in each 12-month period, may provide for increased annuities to be paid to retirees and beneficiaries of deceased retirees of the subdivision. An annuity increased under this section replaces any annuity or increased annuity previously granted to the same person.

(b) The amount of annuity increase under this section is computed as the sum of the basic and supplemental annuities on the effective date of retirement of the person on whose service the annuities are based and is computed as if the person had selected a

standard retirement annuity on the person's effective date of retirement, multiplied by:

(1) the percentage change in the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics of the United States Department of Labor, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the month in which the effective date of the order or resolution providing the increase occurs; and

(2) a fraction, specified by the governing body in the order or resolution, that is not less than 10 percent nor more than 100 percent and is a multiple of 10 percent.

(c) The effective date of an order or resolution under this section is January 1 of the year that begins after the year in which the governing body adopts and notifies the retirement system of the order or resolution.

(d) An increase in an annuity that was reduced because of an option selection or partial lump-sum distribution is reducible in the same proportion and in the same manner that the original annuity was reduced.

(e) If a computation under Subsection (b) does not result in an increase in the amount of annuity, the amount of the annuity may not be changed under this section.

(f) The amount by which an increase under this section exceeds all previously granted increases to an annuitant is payable as a supplemental annuity, is an obligation of the subdivision's account in the subdivision accumulation fund, and is subject to reduction under Section [845.307\(c\)](#).

(g) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(17), eff. January 1, 2008.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 14, eff. Jan. 1, 1992.

Amended by Acts 2003, 78th Leg., ch. 621, Sec. 22, eff. Jan. 1, 2004.

Amended by:

Acts 2005, 79th Leg., Ch. 506 (H.B. [633](#)), Sec. 18, eff. January 1, 2006.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 39, eff.

January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 92(17),
eff. January 1, 2008.

Sec. 844.209. ALTERNATIVE OPTIONAL INCREASE IN RETIREMENT ANNUITIES. (a) The governing body of a participating subdivision, from time to time but not more frequently than once in each 12-month period, may provide for increased annuities to be paid to retirees and beneficiaries of deceased retirees of the subdivision. The governing body of the subdivision may not elect an increase in retirement annuities under Section 844.208 and under this section in the same 12-month period.

(b) An increase under this section applies to all annuities for which the effective retirement date is at least twelve months before the effective date of the increase.

(c) The amount of annuity increase under this section is computed as the sum of the person's basic and supplemental annuities on the effective date of the increase multiplied by the integer percentage increase specified by the governing body for all annuitants in the order or resolution adopting the increase. The specified percentage increase may not exceed the percentage established by the board of trustees as the maximum allowable percentage increase.

(d) Except as provided by Subsection (g), the effective date of an order or resolution under this section is January 1 of the year that begins after the year in which the governing body adopts and notifies the retirement system of the order or resolution.

(e) An increase in an annuity that was reduced because of an option selection or partial lump-sum distribution is reducible in the same proportion and in the same manner that the original annuity was reduced.

(f) The amount of an increase under this section is payable as a supplemental annuity, is an obligation of the subdivision's account in the subdivision accumulation fund, and is subject to reduction under Section 845.307(c).

(g) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(18), eff. January 1, 2008.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 14, eff. Jan. 1, 1992.
Amended by Acts 1993, 73rd Leg., ch. 175, Sec. 13, eff. Jan. 1, 1994; Acts 1995, 74th Leg., ch. 245, Sec. 18, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 309, Sec. 10, eff. Dec. 1, 1997; Acts 1999, 76th Leg., ch. 427, Sec. 31, eff. Dec. 31, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 506 (H.B. 633), Sec. 19, eff. January 1, 2006.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 40, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 92(18), eff. January 1, 2008.

SUBCHAPTER D. DISABILITY RETIREMENT BENEFITS

Sec. 844.301. APPLICATION FOR DISABILITY RETIREMENT. (a) A member may apply for disability retirement by filing a valid application for retirement with the retirement system.

(b) An applicant must provide medical and other pertinent information for evaluation by the medical board and submit to medical examination as required by the medical board.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.301 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 245, Sec. 19, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 427, Sec. 34, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 30, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 41, eff. January 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. 407), Sec. 20, eff. January 1, 2010.

Sec. 844.3011. ANNUITY PAYABLE ON DISABILITY RETIREMENT. Except for eligibility requirements and as otherwise provided by this subtitle, a retirement annuity payable on the disability retirement of a member is equal in amount and equivalent in all

respects under this subtitle to a retirement annuity payable on the service retirement of the member at the same age.

Added by Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 42, eff. January 1, 2008.

Sec. 844.302. ELIGIBILITY FOR DISABILITY RETIREMENT ANNUITY. (a) A member who is not vested for service retirement beginning on or before the date the member attains age 60 and who has applied for disability retirement is eligible to receive a disability retirement annuity if the member is the subject of a certification issued as provided by Section 844.303(b)(1).

(b) A member who is vested for service retirement based on service in this system alone beginning on or before the date the member attains age 60 and who has applied for disability retirement is eligible to receive a retirement annuity if the member is the subject of a certification issued as provided by Section 844.303(b)(2).

(c) If a member who has filed an application for disability retirement under this subchapter is eligible for service retirement, an evaluation by the medical board under Section 844.303 will not be made and the retirement system shall consider the retirement application as an application filed for service retirement.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.302 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 460, Sec. 15, eff. Jan. 1, 1992; Acts 1999, 76th Leg., ch. 427, Sec. 35, eff. Dec. 31, 1999. Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 43, eff. January 1, 2008.

Sec. 844.303. CERTIFICATION OF DISABILITY. (a) Except as provided by Section 844.302(c) and Subsection (c) of this section, as soon as practicable after an application for disability retirement is filed, the medical board shall evaluate the medical and other pertinent information concerning the member's

application.

(b) The medical board shall issue a certification of disability and submit it to the board of trustees, if the medical board finds:

(1) in the case of a member described by Section [844.302\(a\)](#), that:

(A) the member is mentally or physically incapacitated for any gainful occupation;

(B) the incapacity is the direct result of injuries sustained during membership by external and violent means as a direct and proximate result of the performance of duty; and

(C) the incapacity is likely to be permanent; or

(2) in the case of a member described by Section [844.302\(b\)](#), that:

(A) the member is mentally or physically incapacitated for any gainful occupation; and

(B) the incapacity is likely to be permanent.

(c) The board of trustees may establish a procedure for summary disposition of disability retirement applications without medical board review under facts and circumstances that the board has determined cause a review by the medical board to be unnecessary. The board may delegate to the director the authority and discretion to make determinations under the summary disposition procedure and, if appropriate, to issue a certification of disability described by Subsection (b) or refer the matter to the medical board. The director is not authorized under this section to make a finding that an applicant is not permanently incapacitated.

(d) The board of trustees may define terms and standards to be applied by the medical board in making its determinations and shall establish such other rules as the board considers necessary to administer this subchapter.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1985, 69th Leg., ch. 491, Sec. 22, eff. June 12, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.303 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 460, Sec. 16, eff. Jan. 1,

1992; Acts 1999, 76th Leg., ch. 427, Sec. 36, eff. Dec. 31, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 44, eff. January 1, 2008.

Sec. 844.3051. DISABILITY RETIREMENT CONSIDERED SERVICE RETIREMENT. (a) The retirement annuity of a disability retiree may not be terminated under this subchapter after the earlier of:

(1) the date a disability retiree attains age 60; or

(2) the date the disability retiree would otherwise be eligible for service retirement under this subtitle.

(b) The disability retirement of a disability retiree described by Subsection (a) is considered for all purposes under this subtitle as a service retirement.

Added by Acts 2001, 77th Leg., ch. 122, Sec. 33, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 45, eff. January 1, 2008.

Sec. 844.306. MEDICAL EXAMINATION OF DISABILITY RETIREE.

(a) Until the date a disability retirement is considered a service retirement under Section 844.3051, once each year during the first five years after a person retires for disability, and once in each three-year period after that, the board of trustees may, in accordance with rules and procedures established by the board, require a disability retiree to undergo a medical examination and provide current medical and other information reaffirming the status of the retiree as disabled within the meaning of this subchapter.

(b) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(24), eff. January 1, 2008.

(c) If a disability retiree refuses to submit to medical examination or fails to provide current medical or other information confirming the status of the retiree as disabled, the board of trustees may cancel the disability retirement and terminate the retirement annuity.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981.

Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.305 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 122, Sec. 34, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 46, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 92(24), eff. January 1, 2008.

Sec. 844.307. CANCELLATION OF DISABILITY RETIREMENT. (a) If the medical board finds that a disability retiree has experienced medical improvement to the extent that the retiree is no longer mentally or physically incapacitated, it shall certify its findings and submit them to the board of trustees.

(b) In accordance with rules and procedures adopted by the board, the board of trustees may adopt the findings of the medical board and cancel the disability retirement and terminate annuity payments to the retiree.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.306 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 460, Sec. 17, eff. Jan. 1, 1992; Acts 2001, 77th Leg., ch. 122, Sec. 35, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 47, eff. January 1, 2008.

Sec. 844.309. ADJUSTMENTS AT ANNUITY TERMINATION.

(a) If a disability retirement is canceled and the retirement annuity terminated under this subchapter, the person automatically resumes membership in the retirement system and the retirement system shall transfer from the subdivision accumulation fund and credit to the person's individual account in the employees saving fund an amount equal to the amount of accumulated contributions transferred to the subdivision accumulation fund at the time of retirement reduced by one percent for each year or part of a year during which disability annuity payments were made.

(b) If a person whose membership resumes under this section was receiving a supplemental annuity based in whole or in part on prior service credit, the retirement system shall restore to effect as the person's maximum prior service credit an amount equal to the person's maximum prior service credit at the time of disability retirement reduced by one percent for each year or part of a year during which disability annuity payments were made.

(c) A person who resumes membership under this section is entitled to restoration of credited service in the number of months accumulated and allowed before disability retirement.

(d) The board of trustees may adopt rules for the computation and transfer of amounts and credits for a membership resumed under this subchapter.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.308 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 460, Sec. 18, eff. Jan. 1, 1992; Acts 2001, 77th Leg., ch. 122, Sec. 36, eff. Dec. 31, 2001. Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 48, eff. January 1, 2008.

Acts 2015, 84th Leg., R.S., Ch. 303 (S.B. 463), Sec. 3, eff. June 1, 2015.

SUBCHAPTER E. DEATH BENEFITS

Sec. 844.401. RETURN OF ACCUMULATED CONTRIBUTIONS. (a) Except as provided by Subsection (c), if a member dies before retirement, a lump-sum death benefit is payable from the employees saving fund in the amount of:

- (1) the decedent's accumulated contributions; plus
- (2) interest computed on the decedent's accumulated contributions on January 1 of the year of death from the beginning of that year through the end of the month before the month in which death occurs.

(b) The benefit provided by this section is payable to the decedent's beneficiary or, if no surviving beneficiary exists, to

the decedent's spouse or, if no surviving spouse exists, to the decedent's estate.

(c) A benefit is not payable under this section if an annuity based on the same service with the subdivision is payable under this subtitle.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.401 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1997, 75th Leg., ch. 309, Sec. 11, eff. Dec. 1, 1997; Acts 2001, 77th Leg., ch. 122, Sec. 38, eff. Dec. 31, 2001.

Sec. 844.402. RETURN OF EXCESS CONTRIBUTIONS. (a) After the death of a member or former member and after the final payment has been made under any service, disability, or survivor annuity, a lump-sum death benefit is payable in an amount, if any, by which the amount in the person's individual account in the employees saving fund on which the annuity was computed exceeds the amount of annuity payments made.

(b) The benefit provided by this section is payable to the person entitled to receive the final monthly payment of the annuity. If that person is deceased, the benefit provided by this section is payable to the person's beneficiary or, if no surviving beneficiary exists, to the person's spouse or, if no surviving spouse exists, to the person's estate.

(c) The benefit provided by this section is payable from the subdivision accumulation fund.

(d) For plans terminated under Subchapter A-1, Chapter 842, the benefit provided by this section is payable from the closed subdivision annuity reserve fund.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.402 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 122, Sec. 38, eff. Dec. 31, 2001.

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 303 (S.B. 463), Sec. 4, eff. June 1, 2015.

Sec. 844.404. PERSON CAUSING DEATH OF MEMBER OR ANNUITANT.

(a) A benefit, including any optional group term life benefit, payable on the death of a member or annuitant may not be paid to a person convicted of causing that death but instead is payable to a person who would be entitled under this subtitle to the benefit had the convicted person predeceased the decedent. If no person would be entitled to the benefit, the benefit is payable to the decedent's estate.

(b) The retirement system is not required to change the recipient of benefits under this section unless it receives actual notice of the conviction of a beneficiary. However, the retirement system may delay payment of a benefit payable on the death of a member or annuitant pending the results of a criminal investigation and of legal proceedings relating to the cause of death.

(c) The retirement system is not liable for any benefit paid to a convicted person before the date the system receives actual notice of the conviction, and any payment made before that date is a complete discharge of the system's obligation with regard to that benefit payment. The convicted person holds all payments received in constructive trust for the rightful recipient.

(d) If an annuity is in pay status, the retirement system shall pay in a lump sum the actuarial equivalent of the remainder of any annuity or payments that would otherwise have been payable to the convicted person to the person entitled to the benefit under Subsection (a) or to the decedent's estate. The time of the actuarial equivalence is the earlier of the time the retirement system receives the notice of the conviction under Subsection (b) or the time the retirement system begins the delay in payment of a benefit under Subsection (b).

(e) For the purposes of this section, a person has been convicted of causing the death of a member or annuitant if the person:

(1) has pleaded guilty or nolo contendere to or has been found guilty by a court of competent jurisdiction of an offense at the trial of which it is established that the person's intentional, knowing, or reckless act or omission resulted in the death of a person who was a member or annuitant, regardless of

whether sentence is imposed or probated; and

(2) has no appeal of the conviction pending and the time provided for appeal has expired.

Added by Acts 1995, 74th Leg., ch. 245, Sec. 22, eff. Sept. 1, 1995.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. 407), Sec. 21, eff. January 1, 2010.

Sec. 844.405. TRUST AS BENEFICIARY. (a) Except as limited by Subsection (b), a member or retiree may designate a trust as beneficiary for the payment of benefits from the retirement system or may designate multiple trusts as beneficiaries for the payment of benefits from the system in the same manner and with the same limitations that apply to the designation of multiple beneficiaries. If a trust is designated beneficiary, the beneficiary of the trust is considered the designated beneficiary for the purpose of determining eligibility for and the amount and duration of benefits. The trustee is entitled to exercise any rights granted a designated beneficiary to elect benefit options and name subsequent beneficiaries.

(b) Multiple trusts or a single trust having multiple beneficiaries may not receive benefits to which multiple designated beneficiaries are not eligible under this chapter.

Added by Acts 1995, 74th Leg., ch. 245, Sec. 23, eff. Sept. 1, 1995.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 49, eff. January 1, 2008.

Sec. 844.406. SIMULTANEOUS DEATH OF MEMBER AND BENEFICIARY. When a member or retiree and the spouse or beneficiary of the member or retiree have died within a period of less than 120 hours of each other, the member or retiree is considered to have survived the spouse or beneficiary for the purpose of determining the rights to amounts payable under this subtitle on the death of the member or retiree.

Added by Acts 1995, 74th Leg., ch. 245, Sec. 24, eff. Sept. 1, 1995.

Sec. 844.407. SURVIVOR ANNUITY.

(a) In this section "eligible member" means a member who has four or more years of credited service with one or more subdivisions that are participating in the retirement system.

(b) Instead of any other benefit allowed under this subtitle other than an optional group term life benefit, an annuity described by this section may be paid on the death of an eligible member who had not filed an application for retirement or whose application for retirement had been revoked or canceled under Section 844.005.

(c) An annuity under this section is payable to the valid beneficiary designated on the unrevoked form most recently executed by the member and filed with the system naming a beneficiary. If no valid beneficiary exists or if the member died without having designated a valid beneficiary, the annuity is payable to the deceased member's surviving spouse or, if no surviving spouse exists, to the deceased member's estate.

(d) Any annuity payable under this section must be actuarially equivalent to the deceased member's benefit accrued under this subtitle determined as of the last day of the month preceding the month of the member's death. The annuity is payable in the form and manner authorized by the board of trustees.

(e) An annuity under this section is payable from the same accounts and is subject to the same conditions that are applicable to a service retirement benefit for the same member.

(f) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(27), eff. January 1, 2008.

(g) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(27), eff. January 1, 2008.

(h) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(27), eff. January 1, 2008.

(i) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(27), eff. January 1, 2008.

(j) Repealed by Acts 2007, 80th Leg., R.S., Ch. 873, Sec. 92(27), eff. January 1, 2008.

Added by Acts 1999, 76th Leg., ch. 427, Sec. 38, eff. Dec. 31, 1999.

Amended by Acts 2001, 77th Leg., ch. 122, Sec. 39, eff. Dec. 31,

2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 50, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 51, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 92(27), eff. January 1, 2008.

Sec. 844.408. NO SURVIVING SPOUSE, EXECUTOR, OR ADMINISTRATOR. (a) In this section "heirs" has the meaning assigned by Chapter 22, Estates Code, except that the term excludes any person who has filed a proper disclaimer or renunciation with the retirement system.

(b) If the administrator of a deceased member's estate would be entitled to a refund or an annuity because of the death of the member, the heirs of the deceased member may apply for and receive the benefit if:

(1) no petition for the appointment of a personal representative of the member is pending or has been granted;

(2) 30 days have elapsed since the date of death of the member;

(3) the value of the entire assets of the member's probate estate, excluding homestead and exempt property, does not exceed \$50,000; and

(4) on file with the retirement system is a certified copy of a small estates affidavit that has been approved and filed in accordance with Chapter 205, Estates Code, or an original affidavit described by Subsection (c).

(c) If no affidavit has been filed with the clerk of the court having jurisdiction and venue as provided by Chapter 205, Estates Code, the retirement system may accept instead an affidavit sworn to by two disinterested witnesses and by those heirs who have legal capacity and, if the facts warrant, by the natural guardian or next of kin of any minor or incompetent who is also an heir. The affidavit must include the names and addresses of the heirs and witnesses, establish the facts listed in Subsection (b), include a

list of the assets and liabilities of the estate, show the facts that constitute the basis for the right of the heirs to receive the estate, and show the fractional interests of the heirs in the estate as a result of those facts.

(d) If the retirement system, acting through the director or a person designated by the director, approves the affidavit, the heirs may make the election if each heir agrees to it.

Added by Acts 1999, 76th Leg., ch. 427, Sec. 39, eff. Dec. 31, 1999.
Amended by Acts 2001, 77th Leg., ch. 122, Sec. 40, eff. Dec. 31, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 506 (H.B. 633), Sec. 20, eff. January 1, 2006.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 52, eff. January 1, 2008.

Acts 2017, 85th Leg., R.S., Ch. 324 (S.B. 1488), Sec. 22.043, eff. September 1, 2017.

SUBCHAPTER F. OPTIONAL GROUP TERM LIFE PROGRAM

Sec. 844.501. COVERAGE IN OPTIONAL GROUP TERM LIFE PROGRAM.

(a) An employee of a participating subdivision is included within the coverage of the optional group term life program on that day in the first month in which:

(1) the employing subdivision is participating in the program for coverage of all members it employs;

(2) the employee is a member of the retirement system;
and

(3) the employee is required to make a contribution to the retirement system.

(b) Once established, coverage of a person in the program continues until the last day of a month in which a requirement of Subsection (a) is not met.

(c) The optional group term life program constitutes "group term life insurance purchased for employees" as described by Section 79, Internal Revenue Code of 1986.

Added by Acts 1981, 67th Leg., 1st C.S., p. 212, ch. 18, Sec. 53,

eff. Nov. 10, 1981. Amended by Acts 1987, 70th Leg., ch. 63, Sec. 10, eff. May 6, 1987. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.501 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 122, Sec. 41, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 54, eff. January 1, 2008.

Sec. 844.502. EXTENDED OPTIONAL GROUP TERM LIFE COVERAGE.

(a) A member included in the coverage of the optional group term life program who fails to earn compensation in a month for service to a subdivision participating in the program may be eligible to receive extended coverage in the program under this section.

(b) A member who dies within 24 months after the date the member last made a required contribution to the retirement system is considered to have received extended program coverage if the retirement system receives at its office after the member's death:

(1) evidence that the retirement system considers satisfactory to establish that, as a result of illness or injury, the member was unable to engage in gainful employment throughout the period beginning with the date of the last required contribution and ending on the date of death;

(2) a statement from the subdivision, on a form approved by the board of trustees, that the member was on leave of absence under the Family and Medical Leave Act of 1993 (Pub. L. 103-3) throughout the period beginning with the date of the last required contribution and ending on the date of death; or

(3) a statement from the subdivision, on a form approved by the board of trustees, that the member was on leave of absence under the Family and Medical Leave Act of 1993 (Pub. L. 103-3) during part of the period beginning with the date of the last required contribution and ending on the date of death, with evidence that the retirement system considers satisfactory to establish that, throughout the rest of the period, the member was unable to engage in gainful employment as a result of illness or injury.

(c) Repealed by Acts 2001, 77th Leg., ch. 122, Sec. 56(6), eff. Dec. 31, 2001.

(e), (f) Repealed by Acts 1999, 76th Leg., ch. 427, Sec. 64(16), eff. Dec. 31, 1999.

Added by Acts 1981, 67th Leg., 1st C.S., p. 212, ch. 18, Sec. 53, eff. Nov. 10, 1981. Amended by Acts 1985, 69th Leg., ch. 491, Sec. 23, eff. June 12, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.502 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 245, Sec. 25, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 427, Sec. 40, 64(16), eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 56(6), eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 55, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 56, eff. January 1, 2008.

Sec. 844.503. MEMBER OPTIONAL GROUP TERM LIFE. (a) In this section, the terms "regular rate of pay," "hours worked," "salary basis," and "regular salary" have meanings that are consistent with the Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.).

(b) If a person included in the coverage or extended coverage of the optional group term life program dies, a lump-sum supplemental death benefit is payable from the optional group term life fund in an amount equal to the current annual compensation of the member at the time of death.

(c) The current annual compensation of a member who is not exempt from the minimum wage and maximum hour requirements of the Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.) is computed by converting to an annual basis the regular rate of pay of the member for the most recent hour worked and proportionately reducing that annual basis if the member is not employed in a full-time position. The current annual compensation of a member who is exempt from those minimum wage and maximum hour requirements and who is paid on a salary basis is computed by converting to an

annual basis the regular salary paid to the member for the most recent pay period of active employment.

(d) If a member, because of a change in employment, makes contributions to the retirement system during the same month as an employee of more than one subdivision participating in the optional group term life program, a death benefit is payable only on the basis of the member's most recent employment. If a member, because of simultaneous employment by more than one subdivision, makes contributions to the retirement system during the same month as an employee of more than one subdivision participating in the program, a death benefit is payable on the basis of the member's employment by each subdivision participating in the program.

(e) The board of trustees by rule may require such proof of compensation and periods of employment as it finds necessary.

Added by Acts 1981, 67th Leg., 1st C.S., p. 212, ch. 18, Sec. 53, eff. Nov. 10, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.503 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 122, Sec. 42, eff. Dec. 31, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 57, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. [1587](#)), Sec. 58, eff. January 1, 2008.

Sec. 844.504. RETIREE OPTIONAL GROUP TERM LIFE BENEFIT. If a retiree dies who was receiving a retirement annuity based on service for a subdivision that has elected to provide, and continues to provide, postretirement optional group term life coverage, a lump-sum death benefit is payable from the optional group term life fund in the amount of \$5,000.

Added by Acts 1981, 67th Leg., 1st C.S., p. 212, ch. 18, Sec. 53, eff. Nov. 10, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.504 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 245, Sec. 26, eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 122, Sec. 43, eff. Dec. 31, 2001; Acts 2003, 78th Leg., ch. 621, Sec. 24, eff. Jan. 1,

2004.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 59, eff. January 1, 2008.

Sec. 844.505. BENEFICIARY OF OPTIONAL GROUP TERM LIFE BENEFIT. (a) Unless a member has directed otherwise on a form prescribed by the board of trustees and filed with the retirement system:

(1) an optional group term life benefit under Section 844.503 is payable to the person entitled to receive the decedent's accumulated contributions, unless the decedent was an eligible member under Section 844.407, in which case the benefit is payable to the beneficiary designated by the decedent or, if no designation was made, to the person entitled under that section to receive a survivor annuity; and

(2) an optional group term life benefit under Section 844.504 is payable to a person entitled to receive any remaining payments of the decedent's annuity.

(b) If a person entitled under this section to receive an optional group term life benefit does not survive the member or retiree covered by the optional group term life program, the benefit is payable to the person to whom a benefit under Subchapter B or D is payable, or if no benefit is payable under those subchapters, to the person to whom a benefit under Subchapter E is or would be payable.

Added by Acts 1981, 67th Leg., 1st C.S., p. 212, ch. 18, Sec. 53, eff. Nov. 10, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 54.505 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1999, 76th Leg., ch. 427, Sec. 41, eff. Dec. 31, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 59, eff. January 1, 2008.

SUBCHAPTER G. FIXED CONTRIBUTION RATE PLAN

Sec. 844.601. PLAN FUNDING BY NON-ADOPTING COUNTY. (a) This section applies only to a county that began participation in the retirement system before January 1, 1992, and has not adopted the provisions of Subchapter H.

(b) Except as provided by Subsections (c) and (d), the county shall contribute to its account in the subdivision accumulation fund at the same rate of current service compensation as the employee contribution rate for the county.

(c) If in any year the retirement system's actuary determines that the contributions of the county to the subdivision accumulation fund under Subsection (b) will not finance the county's obligations to the fund within the closed or open amortization period recommended by the actuary and adopted by the board of trustees for all subdivisions, the governing body of the county shall adopt an order to reduce the amortization period to the maximum period established by the board. The actuary shall determine appropriate remedies for review and adoption by the county. An order adopted under this subsection must first be approved by the board of trustees and must require:

(1) a reduction in the employee contribution rate to a rate not less than four percent of current service compensation;

(2) additional employer contributions under a supplemental contribution rate as provided by Subsection (e);

(3) a reduction in the percentage for determining multiple matching credits in five percent increments for contributions made after the effective date of the reduction; or

(4) any combination of these actions.

(d) An order adopted under Subsection (c) takes effect on the first day of the calendar year that begins after the date the retirement system's actuary makes a determination described by Subsection (c).

(e) A supplemental contribution rate under this section is the rate of contribution by the county to its account in the subdivision accumulation fund, in addition to the contributions required under Subsection (b), that the retirement system's actuary determines and certifies is required to amortize the obligations of the county to the subdivision accumulation fund within the

established amortization period.

(f) A county that has not adopted the provisions of Subchapter H may not adopt additional options and may not increase service credits or benefits otherwise allowable under this subtitle except for an increase in the rate of employee contributions or an increase in the percentage of multiple matching credits to a rate or percentage that does not exceed the rate or percentage in effect on January 1, 2010.

Added by Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. 407), Sec. 22, eff. September 1, 2009.

SUBCHAPTER H. ANNUALLY DETERMINED CONTRIBUTION RATE PLAN

Sec. 844.701. APPLICABILITY. Except for a county described by Section 844.601, this subchapter applies to each subdivision that participates in the retirement system.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 21, eff. Jan. 1, 1992.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. 407), Sec. 23, eff. January 1, 2010.

Sec. 844.702. MEMBER CONTRIBUTIONS. (a) The governing body of the subdivision may designate the rate of member contributions for employees of the subdivision to take effect beginning on the effective date of adoption of the plan provisions of this subchapter. The subdivision may elect a rate of four, five, six, or seven percent of the current service compensation of its employees. The governing body of the subdivision may thereafter increase or decrease the contribution rate to take effect on the next January 1 after the date of adoption of the increase or decrease, in accordance with the provisions of Sections 845.402(b) and (c).

(b) If necessary under Section 844.703(h), a subdivision's member contribution rate may be reduced to one, two, three, four, five, or six percent of the current service compensation of its employees.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 21, eff. Jan. 1, 1992.

Amended by Acts 1993, 73rd Leg., ch. 175, Sec. 16, eff. Jan. 1, 1994; Acts 1995, 74th Leg., ch. 245, Sec. 29, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 427, Sec. 45, eff. Dec. 31, 1999.

Sec. 844.703. SUBDIVISION CONTRIBUTIONS. (a) Each participating subdivision adopting the plan provisions of this subchapter shall pay to the subdivision accumulation fund as its normal contribution an amount equal to a percentage of the compensation of members employed by the subdivision for that month. The rate of contribution is the normal contribution rate determined annually by the actuary and approved by the board of trustees.

(b) Each subdivision adopting the plan provisions of this subchapter shall pay to the subdivision accumulation fund, as its prior service contribution, an amount equal to a percentage of the compensation of members employed by the subdivision for that month. The rate of contribution is the rate determined annually by the actuary and approved by the board of trustees as being the rate required to fund all unfunded obligations charged against the subdivision's account in the subdivision accumulation fund within the subdivision's amortization period without probable future depletion of that account or, if there are no unfunded obligations, the rate required to amortize any overfunded obligations within a period of 30 years.

(c) The combined rates of a subdivision's normal contributions and prior service contributions under this subchapter may not exceed 11 percent unless the governing body of the subdivision elects to waive this limitation. A waiver under this subsection becomes effective on January 1 of the year after the year in which it is adopted and remains effective until January 1 of the year following a repeal of the waiver by the subdivision's governing body.

(d) The actuary annually shall determine the subdivision normal contribution rate and the prior service contribution rate for subdivisions adopting the plan provisions of this subchapter from the most recent data available at the time of determination. Before January 1 of each year, the board of trustees shall certify the rates of each subdivision that has adopted the plan provisions

of this subchapter. If the combined rates of the subdivision's normal contributions and prior service contributions under this subchapter exceed the rate prescribed by Subsection (c), and if the governing body of the subdivision has not waived that maximum rate, the rate for prior service contributions must be reduced to the rate that equals the difference between the maximum rate prescribed by Subsection (c) and the normal contribution rate. The governing body may elect to contribute at a rate that is greater than the sum of the subdivision's normal contribution rate and prior service contribution rate as determined under Subsections (a) and (b). An elected rate may not exceed the maximum rate prescribed by Subsection (c), unless the governing body has elected to waive that maximum rate. An elected rate remains in effect for each subsequent calendar year until it is rescinded by the governing body. For years in which the sum of the rates determined under Subsections (a) and (b) exceeds the elected rate, the governing body must contribute the sum of the rates determined under Subsections (a) and (b). For years in which the elected rate exceeds the sum of the rates determined under Subsections (a) and (b), the prior service contribution rate is increased to the rate that equals the difference between the elected rate and the normal contribution rate prescribed by Subsection (a).

(e) In addition to the normal contributions and prior service contributions under this subchapter, the subdivision shall make the picked-up employee contributions provided by Section [845.403\(i\)](#), and those contributions, along with optional group term life contributions, are not subject to the maximum subdivision contribution rates prescribed by Subsection (c).

(f) The prior service contribution rate prescribed by Subsection (b) must be based on an open or closed amortization period as recommended by the actuary and adopted by the board of trustees but may not exceed 30 years. The board of trustees may establish criteria for the circumstances under which a subdivision's amortization period, if closed, will be renewed, extended, or shortened.

(g) If the combined rates of the subdivision's normal contributions and prior service contributions under this

subchapter exceed the maximum rate prescribed by Subsection (c) before the adjustment prescribed by Subsection (d), and if the governing body of the subdivision has not waived that maximum rate, the actuary shall determine what lower percentage for determining multiple matching credits of future member contributions is necessary to make the combined rates of the subdivision not exceed the maximum rate prescribed by Subsection (c). The actuary shall give written notice of the determination to the director, who shall give written notice to the governing body of the subdivision. The lower percentage determined by the actuary and specified in the notice to the governing body becomes effective as to all members who perform current service for the affected subdivision on or after the first day of the first calendar year that begins after the date of the notice, unless before the effective date, the governing body of the subdivision adopts an order or resolution, approved by the board of trustees, authorizing a reduction in the percentage used in determining multiple matching credits in accordance with Section [844.704\(a\)](#) or authorizing a reduction in the rate of member contributions in accordance with Section [844.702](#), or authorizing both a reduction in the percentage used in determining multiple matching credits and a reduction in the rate of member contributions.

(h) If the combined rates of the subdivision's normal contributions and prior service contributions under this subchapter exceed the maximum rate prescribed by Subsection (c), and if the governing body of the subdivision has not waived that maximum rate, and if all reductions under Subsection (g), in the opinion of the actuary, result in the combined rates of the subdivision remaining in excess of the maximum rate prescribed by Subsection (c), the retirement system shall reduce the rate of member contributions to a lower rate authorized by Section [844.702](#) that, in the opinion of the actuary, is required to produce a combined rate that does not exceed the rate prescribed by Subsection (c). At the time the actuary determines that the rate of employee contributions that was in existence before a reduction under this subsection no longer would result in a combined rate in excess of the maximum rate prescribed by Subsection (c), the

retirement system shall reinstate the employee contribution to the rate that was in effect at the time of the reduction, unless the governing body of the subdivision has elected to change to some other rate authorized by Section 844.702(a). Any change under this section shall be made on January 1 of the year following the applicable determination by the actuary. During the time that the member contribution rate is reduced, the combined rates of the subdivision's normal contributions and prior service contributions shall be equal to the maximum rate prescribed by Subsection 844.703(c).

(i) Notwithstanding any provision in this section to the contrary and if approved by the board of trustees, a participating subdivision that has experienced or is anticipating circumstances that cause employer contributions based on covered payroll to be an unreasonable method of funding shall contribute in an actuarially approved method that is reasonable to regularly and consistently fund all of its pension liabilities in the retirement system.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 21, eff. Jan. 1, 1992.

Amended by Acts 1993, 73rd Leg., ch. 175, Sec. 17, eff. Jan. 1, 1994; Acts 1995, 74th Leg., ch. 245, Sec. 30, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 309, Sec. 17, eff. Dec. 1, 1997; Acts 1999, 76th Leg., ch. 427, Sec. 46, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 44, eff. Dec. 31, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. 506 (H.B. 633), Sec. 21, eff. January 1, 2006.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 63, eff. January 1, 2008.

Sec. 844.704. BENEFITS. (a) The governing body of a subdivision shall select a percentage for determining multiple matching credits of zero or any percentage that is a multiple of five percent and that does not exceed 150 percent. The governing body may later increase the percentage used in determining multiple matching credits under Section 843.402 to any percentage that is a multiple of five percent and that does not exceed 150 percent, to take effect on the next January 1 after the date the increase is

adopted. In its order or resolution, the governing body may provide that the increased percentage will be used in determining multiple matching credits only for employee contributions made after the effective date of the increase or that the increased percentage will be used both prospectively and retroactively in determining the multiple matching credits for all employee contributions not otherwise matched at a higher percentage. The governing body may thereafter reduce the percentage used in determining multiple matching credits for contributions made after the effective date of the reduction to zero or any percentage that is a multiple of five percent, to take effect on the next January 1 after the date of the reduction.

(b) The governing body shall select a percentage for determining allocated prior service credits of zero or any percentage that is a multiple of five percent. The governing body may increase the percentage used in determining allocated prior service credits, to take effect on the next January 1 after the date of the increase. The percentage may not exceed one-half of the percentage that results from adding 200 percent to the lowest percentage for determining multiple matching credit currently applicable to any employee contribution with respect to the subdivision.

(c) The subdivision shall provide current service credits in accordance with Section [843.402](#).

(d) With the approval of the board of trustees, the governing body of a subdivision may adopt any benefit increase or additional benefit, option, right, or feature as authorized under this subtitle.

(e) The governing body may not adopt an increase or addition to the subdivision's plan if the adoption would result in the combined rates of the subdivision's normal contributions and prior service contributions for the first calendar year following the adoption exceeding the maximum rate prescribed by Section [844.703\(c\)](#), unless a waiver under that section is in effect.

(f) Other than an order or resolution of initial participation in the retirement system and except as otherwise authorized by the board of trustees, an order or resolution under

this section must be filed with the retirement system not later than December 15 of the year preceding the year in which it will take effect and may not take effect until the order or resolution is approved by the board of trustees as meeting the requirements of this section. An order or resolution adopted after participation begins may take effect only on January 1 of a year.

Added by Acts 1991, 72nd Leg., ch. 460, Sec. 21, eff. Jan. 1, 1992.

Amended by Acts 1993, 73rd Leg., ch. 175, Sec. 18, eff. Jan. 1, 1994; Acts 1993, 73rd Leg., ch. 536, Sec. 6, eff. Jan. 1, 1994; Acts 1999, 76th Leg., ch. 427, Sec. 47, eff. Dec. 31, 1999; Acts 2001, 77th Leg., ch. 122, Sec. 45, eff. Dec. 31, 2001; Acts 2003, 78th Leg., ch. 621, Sec. 28, eff. Jan. 1, 2004.

Amended by:

Acts 2005, 79th Leg., Ch. 506 (H.B. 633), Sec. 22, eff. January 1, 2006.

Acts 2005, 79th Leg., Ch. 506 (H.B. 633), Sec. 22, eff. December 31, 2006.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 64, eff. January 1, 2008.

Acts 2007, 80th Leg., R.S., Ch. 873 (H.B. 1587), Sec. 92(28), eff. January 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 300 (H.B. 407), Sec. 24, eff. January 1, 2010.