Sec. 864.001. ELIGIBILITY FOR SERVICE RETIREMENT ANNUITY. 
(a) The state board by rule shall determine the period of qualified service and, if appropriate, the age required for a member to receive a service retirement annuity with full benefits after the member terminates service with a participating department. The state board by rule may provide for partial vesting of benefits after a particular period.

(b) The state board may change the benefit formula for any person who is not an annuitant of the pension system.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Sec. 864.002. SERVICE RETIREMENT ANNUITY. (a) A service retirement annuity is payable in monthly installments based on:

(1) the governing body's average monthly contribution during the member's term of qualified service under this subtitle, not including a contribution to reduce the unfunded accrued actuarial liability of the pension system; and

(2) a formula adopted by the state board by rule that allows the pension system, assuming maximum state contributions are provided under Section 865.015, to be maintained as actuarially sound.

(b) The state board by rule may provide, for each year of qualified service in excess of the period provided under Section 864.001 for full benefits, an additional amount that is a percentage of the person's monthly pension, compounded annually. A person may receive a proportional credit for months of qualified service that make up less than a year.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Sec. 864.003. SERVICE RETIREMENT BENEFITS FROM MORE THAN
ONE DEPARTMENT. A member who performs qualified service for more than one participating department may become eligible to receive a service retirement annuity for service from each department but, if the person dies while a member, the member's beneficiary must choose between an on-duty and off-duty death benefit, if applicable.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Sec. 864.004. DISABILITY RETIREMENT BENEFITS. (a) A member is entitled to disability retirement benefits from the pension system only if a local board determines that the member became disabled during the performance of emergency service duties and is unable to return to work at the member's regular occupation or, if the member is a student, is unable to return to the member's scholastic studies. A disabled member must, at the time of disability, elect between a service retirement annuity or disability retirement benefits, if eligible for both.

(b) A disabled member described by Subsection (a) who does not elect to receive a service retirement annuity is entitled to disability retirement benefits of $300 a month or a greater amount that the state board by rule adopts based on monthly contributions of a participating department for its members.

(c) To continue to receive disability retirement benefits in the form of a continuing annuity, computed in the manner described by Subsection (b), a person who is determined by a local board to be temporarily disabled must:

(1) apply to the medical board appointed by the state board; and

(2) not later than the first anniversary of the date the person was determined to be temporarily disabled, be certified by the medical board as permanently disabled for the performance of the duties of the person's regular occupation.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 321 (H.B. 2400), Sec. 4, eff.
Sec. 864.005. CERTIFICATION AND CONTINUANCE OF DISABILITY.

(a) A local board shall require a member who is receiving temporary disability benefits to file a disability rating report every three months from a physician chosen by the local board. If a report indicates a significant improvement in condition, the local board, after notice and a hearing, may adopt an order to terminate payments. The local board shall send a copy of each order adopted under this subsection to the executive director.

(b) Temporary disability benefits cease if the recipient returns to work at the person's regular occupation, resumes scholastic studies, or performs emergency service duties for any agency, or if the local board adopts an order under Subsection (d).

(c) Subject to Subsection (d), temporary disability benefits cease on a date at the expiration of a period, not to exceed one year, determined to be the likely duration of the disability by a physician in a written statement to the pension system.

(d) If the local board has reason to believe that a ground for termination of temporary disability benefits exists, the local board may set a date for a hearing on the matter. The local board, after notice and a hearing, may adopt an order terminating temporary disability benefits if the local board determines that a ground for termination exists. The local board may not adopt an order under this subsection on the basis of a physician's previously submitted statement as to the likely duration of the disability if the local board determines, after a hearing, that the disability continues. The local board shall send a copy of each order adopted under this subsection to the executive director.

(e) Payments of a continuing disability retirement annuity to a retiree certified by the medical board as permanently disabled under Section 864.004(c) cease if the retiree returns to work at the retiree's regular employment or performs emergency service duties.

(f) If the state board has reason to believe that a ground for termination of a continuing disability retirement annuity exists, the state board shall set a date for a hearing on
continuation or termination of the annuity. The state board, after notice and a hearing, shall adopt an order terminating the continuing disability retirement annuity if the state board determines that a ground for termination exists.

(g) Except as provided by this subsection, a continuing disability retirement annuity terminates on the fifth anniversary of the date payment of the annuity begins. To continue receiving payments of a continuing disability retirement annuity after the fifth anniversary, the retiree must be recertified by the medical board as being permanently disabled for the performance of the duties of any occupation for which the person is reasonably suited by education, training, and experience and that could reasonably be expected to provide the person with at least 75 percent of the salary the person was earning at the time the disability occurred. Rejection of a suitable offer of employment as described in this subsection is conclusive evidence for purposes of this subtitle that the person is no longer eligible to receive disability retirement benefits.

(h) The state board or a local board may require financial information from a person as a condition to the continued receipt of disability retirement benefits, including federal income tax returns and wage earning forms. Failure to timely provide requested information is a ground for terminating benefits.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 321 (H.B. 2400), Sec. 4, eff. September 1, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 1316 (S.B. 220), Sec. 1.05, eff. June 14, 2013.

Sec. 864.006. MEMBER SERVICE DEATH BENEFITS. (a) The surviving spouse and dependents of a member who dies as a result of performing emergency service duties are entitled to receive in equal shares a death benefit annuity equal to the service retirement annuity that the decedent would have been entitled to receive if the decedent had been able to retire, vested at 100
percent, on the date of the decedent's death.

(b) The beneficiary of a member who dies as a result of performing emergency service duties is entitled to a lump-sum benefit of $5,000 or a greater amount that the state board provides by rule.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 321 (H.B. 2400), Sec. 5, eff. September 1, 2007.

Sec. 864.007. MEMBER NONSERVICE DEATH BENEFIT. (a) The state board by rule may provide one or more beneficiaries of a deceased member whose death did not result from the performance of emergency service duties a benefit, which may be a lump-sum amount or an annuity.

(b) A rule adopted under this section must include the type of eligible recipient of the benefit, including any service or age requirement, and the method of calculating the amount of the benefit. A rule may include any other terms the board considers appropriate.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 321 (H.B. 2400), Sec. 6, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 697 (H.B. 2751), Sec. 6, eff. September 1, 2009.

Sec. 864.009. RETIREE DEATH BENEFIT ANNUITY. The surviving spouse of a person who dies after retirement is entitled to two-thirds of the monthly annuity the decedent was receiving at the time of death.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.

Sec. 864.010. BENEFITS FOR MEMBERS AND RETIREES OF
DEPARTMENT THAT WITHDRAWS FROM PARTICIPATION OR CEASES TO EXIST.  
(a) The executive director shall continue to administer benefits of the pension system for members and retirees who perform service for a formerly participating department that has withdrawn from participation in the pension system or has ceased to exist.

(b) The governing body of a political subdivision in which a department described by Subsection (a) is or was located shall perform the duties required of a local board for the members and retirees who served for the formerly participating department.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.
Amended by:
Acts 2013, 83rd Leg., R.S., Ch. 1316 (S.B. 220), Sec. 1.06, eff. June 14, 2013.

Sec. 864.011. FIRST PAYMENT OF RETIREMENT OR DEATH BENEFIT ANNUITY. The cashing or depositing of the first payment of a service retirement annuity, disability retirement annuity, or death benefit annuity by a person entitled to it, or the receipt by a financial institution for credit to that person's account of a transfer of funds by the pension system through electronic means, is considered acceptance of the amount of the annuity and of the amount of service of the person on whose service the annuity is based.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.
Amended by:
Acts 2007, 80th Leg., R.S., Ch. 321 (H.B. 2400), Sec. 6, eff. September 1, 2007.

Sec. 864.012. CERTAIN BENEFICIARIES. (a) If a member names more than one beneficiary for a lump-sum death benefit, the pension system shall divide the benefit equally among the named beneficiaries or, if the member has designated a proportional division, each beneficiary is entitled to the proportion designated.

(b) Except as provided by Subsection (a), lump-sum death
benefits are subject to the laws of descent and distribution if the
decedent has not provided for testamentary disposition.
Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff.
September 1, 2005.

Sec. 864.013. COST-OF-LIVING INCREASE. The state board by
rule may provide a cost-of-living increase for any benefit provided
by the pension system. If benefits are increased, the state board
shall require an increase in governing body contributions if
necessary to maintain an actuarially sound pension system.
Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff.
September 1, 2005.

Sec. 864.0135. OPTIONAL ANNUITY INCREASE OR SUPPLEMENTAL
PAYMENTS. (a) The state board by rule may authorize a
participating department to:

(1) make one or more supplemental payments to retirees
and other beneficiaries of the pension system; or

(2) provide an increase in the amount of annuities
paid to retirees and other beneficiaries of the pension system.

(b) A participating department that elects an option under a
rule adopted under this section shall fund all increased benefits
that are provided to retirees and other beneficiaries of the
department under the option.
Added by Acts 2007, 80th Leg., R.S., Ch. 321 (H.B. 2400), Sec. 7,
eff. September 1, 2007.

Sec. 864.014. STATE BOARD AUTHORITY FOR LUMP-SUM PAYMENTS.
In lieu of any annuity otherwise payable under this subtitle, the
state board by rule may provide for a lump-sum payment if the board
determines that a lump-sum payment is cost-efficient or is
necessary for the pension system to remain actuarially sound.
Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff.
September 1, 2005.

Sec. 864.015. BENEFICIARY CAUSING DEATH OF MEMBER OR
ANNUITANT. (a) A 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 as if the convicted person had predeceased the decedent.

(b) The pension system is not required to change the recipient of benefits under this section unless it receives actual notice of the conviction of a beneficiary. The 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 pension 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) For the purposes of this section, a person has been convicted of causing the death of a member or annuitant if the person:

(1) pleads guilty or nolo contendere to, or is found guilty by a court 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 2009, 81st Leg., R.S., Ch. 697 (H.B. 2751), Sec. 7, eff. September 1, 2009.

Sec. 864.016. CLAIM AND APPEAL PROCEDURE. (a) A claim for disability retirement benefits or a lump-sum death benefit must be filed with the local board. A claim for service retirement benefits must be filed with the executive director, who shall forward the claim to the appropriate local board for a hearing. A claim for a death benefit annuity must be filed with the executive director. The executive director shall make a determination of the merits of the claim for a death benefit annuity and issue a decision
to the claimant. On receiving a claim under this section, the local board shall hold a hearing to decide the claim. The local board shall send a written copy of its decision to the claimant and the executive director. If a local board does not determine a claim for service retirement benefits and file its determination with the executive director before the 16th day after the date the local board receives the claim, the executive director may determine the merits of the claim.

(b) A person aggrieved by a decision of a local board relating to eligibility for or the amount of benefits under this subtitle may appeal the decision to the state board.

(c) An appeal of a local board decision under this section is begun by delivering a notice of appeal to the presiding officer or secretary of the local board that made the decision. The notice must be delivered not later than the 20th day after the date of the decision and contain a brief description of the reasons for the appeal. The aggrieved person must file a copy of the notice with the state board.

(d) An appeal of a local board decision under this section is held in Austin and is a contested case under Chapter 2001, conducted as a de novo hearing by the State Office of Administrative Hearings.

(e) After a hearing under Subsection (d), the state board shall decide each appeal from a local board decision, issue a written opinion, and notify the local board and the claimant if the state board overrules the local board's decision.

(f) A final decision of the state board under this section is subject to judicial review under Chapter 2001. The standard of review is by substantial evidence. Venue of the appeal is only in a district court in Travis County.

Added by Acts 2005, 79th Leg., Ch. 803 (S.B. 522), Sec. 1, eff. September 1, 2005.
Amended by:

Acts 2007, 80th Leg., R.S., Ch. 321 (H.B. 2400), Sec. 8, eff. September 1, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 1316 (S.B. 220), Sec. 1.07, eff. June 14, 2013.