

GOVERNMENT CODE
CHAPTER 824. BENEFITS
SUBCHAPTER A. GENERAL PROVISIONS

Sec. 824.001. TYPES OF BENEFITS. The types of benefits payable by the retirement system are:

- (1) service retirement benefits;
- (2) disability retirement benefits; and
- (3) death benefits.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.001 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.002. EFFECTIVE DATE OF RETIREMENT. (a) The effective date of a member's service retirement is the last day of the later of the following months:

- (1) any month in a three-month period in which the third month is the month in which the member applies for retirement as provided by Section 824.201;

- (2) the month in which the member satisfies age and service requirements for service retirement as provided by Section 824.202; or

- (3) the month in which the member's employment in a position included in the coverage of the retirement system ends.

(b) The effective date of a member's disability retirement is the last day of the later of the following months:

- (1) any month in a three-month period in which the third month is the month in which the member applies for retirement as provided by Section 824.301; or

- (2) the month in which the member's employment in a position included in the coverage of the retirement system ends.

(c) For the purposes of this section, a member's employment in a position covered by the retirement system does not end if the member is on leave of absence or has a contract for future employment in a public school, other than a contract for employment that would, if the retiring member and the employer were to comply with all procedural requirements, qualify under Section 824.602 for an exception to the loss of monthly benefits required by Section 824.601.

(d) A person who works not later than June 15 of a year in order to complete all work required for the school year may be considered to have ended employment on May 31 of that year for the purposes of Subsections (a)(3) and (b)(2).

(e) Not later than the later of a member's retirement date or the last day of the month in which the member's application for retirement is submitted, a member applying for service retirement may reinstate withdrawn contributions, make deposits for military service and equivalent membership service, and receive service credit as provided by this subtitle.

(f) An effective retirement date may not be changed after it is established except by revocation of retirement under Section 824.005 and retirement at a later date.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1985, 69th Leg., ch. 832, Sec. 4, eff. June 15, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.002 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 4, eff. Sept. 1, 1992; Acts 1995, 74th Leg., ch. 555, Sec. 11, eff. Sept. 1, 1995; Acts 2001, 77th Leg., ch. 1229, Sec. 7, eff. Sept. 1, 2001.

Sec. 824.003. WHEN BENEFITS ARE PAYABLE. Except as otherwise provided by this chapter, an annuity provided by this chapter is payable for the month in which the person who receives the annuity dies. Monthly annuity payments are generally due to be paid on the first working day of each month following the month for which the payment accrues.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.003 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 555, Sec. 12, eff. Sept. 1, 1995.

Sec. 824.004. WAIVER OF BENEFITS. (a) A person may, on a form prescribed by and filed with the retirement system, waive all or a portion of any benefits from the retirement system to which the person is entitled. A person may revoke a waiver of benefits in the same manner as the original waiver was made.

(b) A revocable waiver may be revoked only as to benefits payable after the date the revocation is filed. If a waiver is made

irrevocable and is filed with the retirement system before the first benefit payment is made to the person executing the waiver, Section 824.103 applies to determine alternative beneficiaries.

(c) The retirement system shall transfer to the state contribution account from the appropriate benefit reserve accounts amounts not used to pay benefits because of a waiver executed under this section.

(d) The board of trustees may provide rules for administration of waivers under this section.

(e) The retirement system may not require a person filing a waiver of benefits under this section to submit a sworn affidavit in order to receive the accumulated contributions.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.004 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1999, 76th Leg., ch. 1118, Sec. 2, eff. Sept. 1, 1999.

Sec. 824.005. REVOCATION OF RETIREMENT. (a) A person who has retired under the retirement system may revoke that retirement by filing with the system a written revocation in a form prescribed by the system. For a revocation to be effective, the retirement system must receive the written revocation before the later of the due date for the first payment of the annuity or the date on which the retirement system makes the first payment. After the later of those dates, a retiree may not revoke the retirement. For purposes of this subtitle, the retirement system makes a payment by depositing a check in the mail or sending payment by electronic fund transfer.

(b) A person who has retired under the retirement system revokes that retirement if the person becomes employed in any position in a public school during the first month following that person's effective date of retirement, or during the first two months following an effective date of retirement established by reliance on Section 824.002(d), and must return any retirement benefits received under the original retirement.

(c) A person who revokes a retirement under this section is restored to membership in the retirement system as if that person had never retired.

Added by Acts 1981, 67th Leg., 1st C.S., p. 204, ch. 18, Sec. 26, eff. Nov. 10, 1981. Amended by Acts 1985, 69th Leg., ch. 832, Sec. 5, eff. June 15, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.005 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 555, Sec. 13, eff. Sept. 1, 1995.

Sec. 824.006. PAYMENT OF ANNUITY ON DEATH OF MEMBER OR RETIREE. (a) A monthly annuity payable to a retiree or beneficiary is payable to that person through the month in which the person dies. A continuation of an optional annuity or the payment of a death or survivor benefit annuity begins with payment for the month following the month in which the death occurs.

(b) The effective date of death of a member who dies before retirement is, for the purpose of a death or survivor benefit annuity, the last day of the month preceding the month in which the member dies. The first payment of the annuity becomes due at the end of the month in which the member's death occurs.

Added by Acts 1995, 74th Leg., ch. 555, Sec. 14, eff. Sept. 1, 1995.

SUBCHAPTER B. BENEFICIARIES

Sec. 824.101. DESIGNATION OF BENEFICIARY. (a) Except as provided by Subsection (c), any member or annuitant may, on a form prescribed by and filed with the retirement system, designate one or more beneficiaries to receive benefits payable by the retirement system on the death of the member or annuitant.

(b) Except as provided by Subsection (c), a member or annuitant may change or revoke a designation of beneficiary in the same manner as the original designation was made.

(c) Only one person may be designated as beneficiary of an optional retirement annuity under Section 824.204(c)(1), (c)(2), or (c)(5), and a designation of beneficiary under any of those options may not be made, changed, or revoked, except as provided by Sections 824.1011, 824.1012, and 824.1013, after the later of the date on which the retirement system makes the first annuity payment to the retiree or the date the first payment becomes due. For purposes of this section, the term "makes payment" includes the depositing in the mail of a payment warrant or the crediting of an account with payment through electronic funds transfer.

(d) Unless a contrary intention is clearly indicated by a written designation of beneficiary and except as otherwise provided by this section, the most recent designation of beneficiary by a member or annuitant applies to all benefits payable on the death of the member or annuitant.

(e) The retirement system by rule may provide for the designation of alternate beneficiaries and may adopt other rules to administer this section.

(f) A beneficiary designation, change in beneficiary, or revocation of beneficiary is not effective unless it is authorized by this subchapter. Except as provided by Subsection (g), any authorized beneficiary designation, change in beneficiary, or revocation of beneficiary, including any modification ordered by a court or contemplated in a trust or testamentary document, must be executed by the member or annuitant in a form prescribed by the retirement system and must be received by the retirement system before the member's or annuitant's death or, for a beneficiary named to receive continued optional service or disability retirement payments, not later than the deadline established elsewhere in this subtitle.

(g) Receipt by the retirement system of a certified copy of a divorce decree between a member or annuitant and a designated beneficiary revokes any designation of the former spouse as beneficiary of any death benefits payable under Subchapter E or F of this chapter that was effective before the date of divorce, if the decree is received by the retirement system before the payment of any part of the death benefit to any beneficiary.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.101 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1993, 73rd Leg., ch. 812, Sec. 5, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 555, Sec. 15, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1416, Sec. 12, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1540, Sec. 6, eff. Sept. 1, 1999.

Sec. 824.1011. DESIGNATION OF BENEFICIARY AFTER RETIREMENT. (a) A retiree who is receiving a standard service or disability retirement annuity under Section 824.203 or 824.304(b) and who marries after the date of the person's retirement may replace the annuity by selecting an optional retirement annuity under Section 824.204(c)(1), (c)(2), or (c)(5) or under Section 824.308(c)(1), (c)(2), or (c)(5), as applicable, and designating the person's spouse as beneficiary before the second anniversary of the marriage in the same manner as an annuity selection and designation of beneficiary may be made before retirement.

(b) The selection of an optional annuity and designation of a beneficiary under this section do not take effect until the first payment of the annuity that becomes due two years after the date the selection and designation are filed with the retirement system.

(c) The retirement system shall recompute the annuity of a retiree who selects an optional annuity and designates a beneficiary under this section to reflect that change and shall adjust the annuity as appropriate for early retirement and postretirement increases provided after the date of the retiree's retirement. The retirement system shall by rule provide for the adjustment of the monthly payments of the annuity under the option selected to an amount which is the actuarial equivalent of the annuity being paid immediately before the change in benefit option and beneficiary selection.

(d) If a retiree who selects an optional annuity and designates a beneficiary under this section dies before the change takes effect or if the designated beneficiary dies before the change takes effect, the selection of an optional annuity and designation of beneficiary have no effect.

Added by Acts 1995, 74th Leg., ch. 555, Sec. 16, eff. Sept. 1, 1995; Amended by Acts 1997, 75th Leg., ch. 1416, Sec. 13, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1540, Sec. 7, eff. Sept. 1, 1999.

Sec. 824.1012. REVOCATION OF BENEFICIARY DESIGNATION FOR CERTAIN RETIREMENT BENEFIT OPTIONS. (a) As an exception to Section 824.101(c), a retiree who selected an optional service retirement annuity under Section 824.204(c)(1), (c)(2), or (c)(5) or an optional disability retirement annuity under Section 824.308(c)(1), (c)(2), or (c)(5) may revoke the designation of the beneficiary to receive the annuity on the death of the retiree, if a court in a divorce proceeding involving the retiree and beneficiary approves or orders the revocation in the divorce decree or

acceptance of a property settlement or if the beneficiary is the spouse, a former spouse, or an adult child of the retiree and signs a notarized consent to the revocation. The revocation takes effect when the retirement system receives it.

(b) A revocation described by Subsection (a) cancels the optional annuity selection made by the retiree, effective with the beginning of payments of the annuity as recomputed under this subsection. The retiree is entitled to receive payments of a standard service or disability retirement annuity, as applicable, reduced for early retirement, if applicable, beginning with the payment for the month after the month in which the retirement system receives the notice of revocation and ending on the death of the retiree.

(c) The retirement system by rule may establish requirements for forms, documentation, and procedures necessary for the administration of this section.

Added by Acts 1997, 75th Leg., ch. 401, Sec. 1, eff. May 28, 1997. Amended by Acts 1999, 76th Leg., ch. 1540, Sec. 8, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1229, Sec. 8, eff. Sept. 1, 2001.

Sec. 824.1013. CHANGE OF BENEFICIARY AFTER RETIREMENT. (a) A retiree receiving an optional retirement annuity under Section 824.204(c)(1), (c)(2), or (c)(5) or Section 824.308(c)(1), (c)(2), or (c)(5) may change the designated beneficiary as provided by this section for the benefits payable after the retiree's death under those sections.

(b) If the beneficiary designated at the time of the retiree's retirement is the spouse or former spouse of the retiree:

(1) the spouse or former spouse must give written, notarized consent to the change; or

(2) a court with jurisdiction over the marriage must have ordered the change.

(c) A beneficiary designated under this section is entitled on the retiree's death to receive monthly payments of the survivor's portion of the retiree's optional retirement annuity for the shorter of:

(1) the remainder of the life expectancy of the beneficiary designated as of the effective date of the retiree's retirement; or

(2) the remainder of the new beneficiary's life.

(d) A retiree may not change a beneficiary under this section after retirement if the retiree has previously changed or designated after retirement a beneficiary for optional retirement annuity payments under this subtitle.

Acts 1997, 75th Leg., ch. 1416, Sec. 14, eff. Sept. 1, 1997. Renumbered from V.T.C.A., Government Code Sec. 824.1012 by Acts, 1999, 76th Leg., ch. 1540, Sec. 9, eff. Sept. 1, 1999.

Sec. 824.102. TRUST AS BENEFICIARY. (a) Except as provided by Subsection (b), a member or annuitant may designate a trust as beneficiary for the payment of benefits from the retirement system. If a trust is designated beneficiary, the beneficiary of the trust is considered the designated beneficiary for the purposes of determining eligibility for and the amount and duration of benefits. The trustee is entitled to exercise any rights to elect benefit options and name subsequent beneficiaries.

(b) A trust having more than one beneficiary may not receive benefits to which multiple designated beneficiaries are not entitled under this chapter.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.102 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.103. ABSENCE OF BENEFICIARY. (a) Benefits payable on the death of a member or annuitant, except an optional retirement annuity under Section 824.204(c)(1), (c)(2), or (c)(5), are payable, and rights to elect survivor benefits, if applicable, are available, to one of the classes of persons described in Subsection (b), if:

(1) the member or annuitant fails to designate a beneficiary before death;

(2) a designated beneficiary does not survive the member or annuitant; or

(3) a designated beneficiary, under Section 824.004, waives claims to benefits payable on the death of the member or annuitant.

(b) The following classes of persons, in descending order of

precedence, are eligible to receive benefits in a situation described in Subsection (a):

- (1) any surviving joint designated beneficiaries;
- (2) any alternate beneficiaries;
- (3) the surviving spouse of the decedent;
- (4) any children of the decedent or their descendants by representation;
- (5) the parents of the decedent;
- (6) the executor or administrator of the decedent's estate; or
- (7) the persons entitled by law to distribution of the decedent's estate.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.103 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 555, Sec. 17, eff. Sept. 1, 1995.

Sec. 824.104. FAILURE OF BENEFICIARY TO CLAIM BENEFITS. (a) If, before the first anniversary of the death of a member or annuitant, the retirement system does not receive a claim for payment of benefits from a designated beneficiary or a person entitled to benefits under Section 824.103, the retirement system may pay benefits, except an optional retirement annuity under Section 824.204(c)(1), (c)(2), or (c)(5), under the order of precedence in Section 824.103(b), as if the person failing to claim benefits had predeceased the decedent.

(b) Payment under Subsection (a) bars recovery by any other person of the benefits distributed.

(c) If, before the fourth anniversary of the death of a member or annuitant, payment of benefits based on the death has not been made and no claim for benefits is pending with the retirement system, the accumulated contributions of the deceased member or the balance of the reserve for the deceased annuitant is forfeited to the benefit of the retirement system. The retirement system shall transfer funds forfeited under this subsection to the state contribution account.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.104 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 555, Sec. 18, eff. Sept. 1, 1995.

Sec. 824.105. 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 to a person who would be entitled to the benefit had the convicted person predeceased the decedent.

(b) A person who becomes eligible under this section to select death or survivor benefits may select benefits as if the person were the designated beneficiary.

(c) The retirement system shall reduce any annuity computed in part on the age of the convicted person to a lump sum equal to the present value of the remainder of the annuity. The reduced amount is payable to a person entitled as provided by this section to receive the benefit.

(d) The retirement system is not required to pay 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.

(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) pleads guilty or nolo contendere to, or is found guilty by a court of, causing the death of the 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.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.105 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.106. SIMULTANEOUS DEATH OF MEMBER AND BENEFICIARY. When a member or annuitant and the beneficiary of the member or annuitant have died within a period of less than 120 hours, the member or annuitant is considered to have survived the

beneficiary for the purpose of determining the rights to amounts payable under this subtitle on the death of the member or annuitant. Added by Acts 1987, 70th Leg., ch. 61, Sec. 4, eff. Aug. 31, 1987. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.106 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

SUBCHAPTER C. SERVICE RETIREMENT BENEFITS

Sec. 824.201. APPLICATION FOR SERVICE RETIREMENT BENEFITS. (a) A member may apply for a service retirement annuity by filing a written application for retirement with the board of trustees.

(b) At any time before the retirement system makes the first annuity payment or the first annuity payment becomes due, a member may, by filing written notice with the board of trustees, revoke the member's application for retirement or make, revoke, or change a selection of an optional service retirement annuity available as provided by Section 824.204.

(c) Except as specifically provided by this subtitle, a retiree may not revoke a retirement nor make, revoke, or change a selection of an optional service 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. 34.201 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 555, Sec. 19, eff. Sept. 1, 1995.

Sec. 824.202. ELIGIBILITY FOR SERVICE RETIREMENT. (a) Except as provided by Subsection (a-1), a member is eligible to retire and receive a standard service retirement annuity if:

(1) the member is at least 65 years old and has at least five years of service credit in the retirement system;

(2) the member is at least 60 years old and has at least 20 years of service credit in the retirement system;

(3) the member is at least 50 years old and has at least 30 years of service credit in the retirement system; or

(4) the sum of the member's age and amount of service credit in the retirement system equals the number 80.

(a-1) This subsection applies only to a person who becomes a member of the retirement system on or after September 1, 2006. A member subject to this subsection is eligible to retire and receive a standard service retirement annuity if:

(1) the member is at least 65 years old and has at least five years of service credit in the retirement system; or

(2) the member is at least 60 years old and has at least five years of service credit in the retirement system and the sum of the member's age and amount of service credit in the retirement system equals the number 80.

(b) This subsection applies only to a person who is not subject to Subsection (b-1) or (d). If a member subject to this subsection is at least 55 years old and has at least five years of service credit in the retirement system, the member is eligible to retire and receive a service retirement annuity reduced from the standard service retirement annuity available under Subsection (a)(1), to a percentage derived from the following table:

Age at Date of Retirement	55	56	57	58	59	60	61	62	63	64	65
Percentage of Standard Annuity Receivable	47%	51%	55%	59%	63%	67%	73%	80%	87%	93%	100%

(b-1) This subsection applies only to a person who becomes a member of the retirement system on or after September 1, 2006. If a member subject to this subsection is at least 55 years old and has at least five years of service credit in the retirement system, but does not meet the requirements under Subsection (d-1), the member is eligible to retire and receive a service retirement annuity reduced from the standard service retirement annuity available under Subsection (a-1)(1), to a percentage derived from the following table:

Age at Date of Retirement	55	56	57	58	59	60	61	62	63	64	65
Percentage of Standard Annuity Receivable	47%	51%	55%	59%	63%	67%	73%	80%	87%	93%	100%

(c) Repealed by Acts 2005, 79th Leg., ch. 1359, Sec.

55(a)(1), eff. Sept. 1, 2005.

(d) This subsection applies only to a person who is not subject to Subsection (d-1). If a member subject to this subsection has at least 30 years of service credit in the retirement system, the member is eligible to retire regardless of age and receive a service retirement annuity consisting of the standard service retirement annuity available under Subsection (a) decreased by two percent for each year of age under 50 years.

(d-1) This subsection applies only to a person who becomes a member of the retirement system on or after September 1, 2007. If the sum of the member's age and amount of service credit in the retirement system equals the number 80, with at least five years of service credit, or if the member has at least 30 years of service credit in the retirement system, the member is eligible to retire regardless of age and receive a service retirement annuity, reduced from the standard service retirement annuity available under Subsection (a)(2), to a percentage derived from the following table:

Age at date of retirement Minimum years of service credit required	50	51	52	53	54	55	56	57	58	59	60
Percentage of standard annuity receivable	30	29	28	27	26	25	24	23	22	21	20
	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%

For each year of age under 50 years with 30 years of service credit, the standard service retirement annuity shall be five percent less than the percentage for age 50 with 30 years of service credit.

(e) The board of trustees may adopt tables for reduction of benefits for early retirement by each month of age, but the range of percentages in the tables within a year must be limited to the range provided between two years of age by this section.

(f) Except as provided by Chapter 803 or 805, a member is not eligible to receive service retirement benefits from the retirement system unless the member has at least five years of service credit in the retirement system for actual service in public schools.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1986, 69th Leg., 3rd C.S., ch. 25, Sec. 1, eff. Oct. 15, 1986; Acts 1989, 71st Leg., ch. 222, Sec. 1, eff. Sept. 1, 1989; Acts 1989, 71st Leg., ch. 835, Sec. 3(a), (b), eff. Sept. 1, 1989. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.202 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1989, 71st Leg., ch. 1100, Sec. 4.11(a), eff. Sept. 1, 1989; Acts 1991, 72nd Leg., ch. 16, Sec. 11.05(c), eff. Aug. 26, 1991; Acts 1995, 74th Leg., ch. 555, Sec. 20, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1416, Sec. 15, eff. Sept. 1, 1997; Acts 2005, 79th Leg., ch. 1359, Sec. 11, 55(a)(1), eff. Sept. 1, 2005.

Sec. 824.203. STANDARD SERVICE RETIREMENT BENEFITS. (a) Except as provided by Subsections (c) and (d), the standard service retirement annuity is an amount computed on the basis of the member's average annual compensation for the five years of service, whether or not consecutive, in which the member received the highest annual compensation, times 2.3 percent for each year of service credit in the retirement system.

(b) In the case of a person who retired before August 27, 1979, ceilings in the definition of "annual compensation" apply to the computation of average annual compensation under Subsection (a). In the case of a person who retires on or after that date, those ceilings do not apply and the computation shall be based on actual compensation paid or payable for services as an employee to the extent that the computation includes compensation for school years before the 1981-82 school year.

(c) Except as provided by Subsection (d), for benefits payable because of the death or retirement of a member that occurred before September 1, 1982, the standard service retirement annuity is computed in accordance with applicable prior law.

(d) In no case may the standard service retirement annuity be less than \$150 a month. The minimum benefits provided by this section are subject to reduction in the same manner as other benefits because of early retirement or selection of an optional

retirement annuity.

(e) Repealed by Acts 2001, 77th Leg., ch. 1229, Sec. 29(4), eff. Sept. 1, 2001.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1981, 67th Leg., 1st C.S., p. 204, ch. 18, Sec. 27, eff. Sept. 1, 1982. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.203 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 5, eff. Nov. 12, 1991; Acts 1995, 74th Leg., ch. 555, Sec. 21, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1416, Sec. 16, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1540, Sec. 10, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1229, Sec. 9, 29(4), eff. Sept. 1, 2001; Acts 2005, 79th Leg., ch. 1359, Sec. 12, eff. Sept. 1, 2005.

Sec. 824.2031. BENEFIT IMPROVEMENTS. (a) Each regular legislative session, the legislature shall determine whether the performance of the retirement system trust fund makes the fund capable of supporting improvements in the plan of benefits.

(b) A determination under this section shall be founded on the information in the most recent report of an investment performance audit conducted under Section 825.512 and the application of that information to:

(1) the present amortization period for liabilities of the retirement system;

(2) the rate of return on retirement system investments over and above the rate of inflation of the investment portfolio as a whole, of the portion of the investment portfolio entrusted to private investment entities, and of the portion of the investment portfolio entrusted to investment officers who are employees of the retirement system;

(3) economic projections of market conditions and future investment rates of return as reflected in the comptroller's most recent economic forecast and revenue estimate;

(4) the costs, including changes in the amortization period for liabilities of the retirement system, of providing cost-of-living or other increases in benefits to current annuitants; and

(5) an evaluation of the diversity of retirement system investments and whether the portfolio provides low-risk, long-term growth.

Added by Acts 1995, 74th Leg., ch. 555, Sec. 22, eff. Sept. 1, 1995.

Sec. 824.204. OPTIONAL SERVICE RETIREMENT BENEFITS. (a) Instead of the standard service retirement annuity payable under Section 824.203 or an annuity reduced because of age under Section 824.202, a retiring member may elect to receive an optional service retirement annuity, reduced for early retirement if applicable, under this section. An election to receive an optional service retirement annuity must be filed with the board of trustees not later than the effective date of retirement.

(b) An optional service retirement annuity is an annuity payable throughout the life of the retiree and is actuarially reduced from the annuity otherwise payable under this subtitle to its actuarial equivalent under the option selected under Subsection (c).

(c) An eligible member may select one of the following options, which provide that:

(1) after the retiree's death, the reduced annuity is payable to and throughout the life of the person nominated by the retiree's written designation filed prior to retirement;

(2) after the retiree's death, one-half of the reduced annuity is payable to and throughout the life of the person nominated by the retiree's written designation filed prior to retirement;

(3) if the retiree dies before 60 monthly annuity payments have been made, the remainder of the 60 payments are payable to the designated beneficiary;

(4) if the retiree dies before 120 monthly annuity payments have been made, the remainder of the 120 payments are payable to the designated beneficiary; or

(5) after the retiree's death, three-fourths of the reduced annuity is payable to and throughout the life of the person nominated by the retiree's written designation filed prior to retirement.

(d) If a person who is nominated by a retiree in the written designation under Section 824.101 predeceases the retiree, the

reduced annuity of a retiree who has elected an optional service retirement annuity under Subsection (c)(1), (c)(2), or (c)(5) shall be increased to the standard service retirement annuity that the retiree would otherwise be entitled to receive if the retiree had not selected that annuity option. The standard service retirement annuity shall be adjusted as appropriate for:

(1) early retirement as provided by Section 824.202; and

(2) postretirement increases in retirement benefits authorized by law after the date of retirement.

(e) The increase in the annuity under Subsection (d) begins with the payment due at the end of September, 1995, or the first monthly payment made to the retiree following the date of death of the person nominated, whichever is later, and is payable to the retiree for the remainder of the retiree's life.

(f) The board of trustees shall adopt separate tables to be used to reduce an optional service retirement annuity under Subsection (d) to the actuarial equivalent of the standard service retirement annuity.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1989, 71st Leg., ch. 835, Sec. 4, eff. Sept. 1, 1989. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.204 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 16, Sec. 11.05(d), eff. Aug. 26, 1991; Acts 1993, 73rd Leg., ch. 812, Sec. 6, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 555, Sec. 23, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1416, Sec. 17, eff. Sept. 1, 1997.

Sec. 824.2045. PARTIAL LUMP-SUM OPTION. (a) A member may select a standard service retirement annuity or an optional service retirement annuity described by Section 824.204, reduced for early age as applicable under Section 824.202, together with a partial lump-sum distribution, if:

(1) the member is eligible for a service retirement annuity;

(2) the sum of the member's age and amount of service credit in the retirement system equals the number 90; and

(3) the member is not participating in the deferred retirement option plan under Subchapter I.

(b) The amount of the lump-sum distribution under this section may not exceed the sum of 36 months of a standard service retirement annuity reduced for early age as applicable under Section 824.202 computed without regard to this section.

(c) The service retirement annuity selected by the member shall be actuarially reduced to reflect the lump-sum option selected by the member and shall be actuarially equivalent to a standard or optional service retirement annuity, as applicable, reduced for early age as applicable under Section 824.202, without the partial lump-sum distribution. The annuity and lump sum shall be computed to result in no actuarial loss to the retirement system.

(d) The retiring member may choose a lump sum equal to 12 months of a standard service retirement annuity and payable at the same time that the first monthly payment of the annuity is paid, a lump sum equal to 24 months of a standard annuity and payable in one or two annual payments, or a lump sum equal to 36 months of a standard annuity and payable in one, two, or three annual payments. At the option of the member, a payment under this subsection may be made as provided by Section 825.509. The amount of the lump sum shall be computed based on a standard service retirement annuity reduced for early age as applicable under Section 824.202.

(e) The amount of the lump-sum distribution will be deducted from any amounts otherwise payable under Section 824.503.

(f) The partial lump-sum option under this section may be elected only once by a member and may not be elected by a retiree. A member retiring under the proportionate retirement program under Chapter 803 is not eligible for the partial lump-sum option.

(g) Before a retiring member selects a partial lump-sum distribution under this section, the retirement system shall provide a written notice to the member of the amount by which the member's annuity will be reduced because of the selection. The member shall be asked to sign a copy of or receipt for the notice, and the retirement system shall maintain the signed copy or receipt.

(h) The board of trustees may adopt rules for the implementation of this section.

Added by Acts 1999, 76th Leg., ch. 1540, Sec. 11, eff. Sept. 1,

1999. Amended by Acts 2005, 79th Leg., ch. 1359, Sec. 13, eff. Sept. 1, 2005.

Sec. 824.205. DEDUCTIONS FROM SERVICE RETIREMENT ANNUITY. (a) A person who receives a service retirement annuity under Section 824.202, 824.203, or 824.204 may, on a form satisfactory to and filed with the retirement system, authorize the retirement system to deduct from the person's monthly annuity payment the amount required as a monthly premium for:

(1) hospital insurance benefits provided to uninsured individuals not otherwise eligible for medical insurance for the aged, as provided by Part A of Title XVIII of the federal Social Security Act (42 U.S.C. Section 1395c et seq.); and

(2) supplementary medical insurance benefits for the aged, as provided by Part B of Title XVIII of the federal Social Security Act (42 U.S.C. Section 1395j et seq.).

(b) After making deductions authorized under Subsection (a), the retirement system shall pay the required premiums to the treasury of the United States, subject to applicable laws relating to the time and manner of payment.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.205 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.206. CHANGE OF SERVICE RETIREMENT ANNUITY PAYMENT PLAN. (a) A retiree may change the retiree's choice of service retirement annuity payment plans after the retiree's effective date of retirement by filing written notice with the board of trustees before the later of the date on which the retirement system makes the first annuity payment or the date the first payment becomes due. After the first payment has been made by the retirement system or has become due, a retiree may not change the annuity payment plan selected.

(b) For purposes of this section, the term "makes payment" includes the depositing in the mail of a payment warrant or the crediting of an account with payment through electronic funds transfer.

(c) The retirement system may adopt rules to administer this section.

Added by Acts 1993, 73rd Leg., ch. 812, Sec. 7, eff. Sept. 1, 1993.

SUBCHAPTER D. DISABILITY RETIREMENT BENEFITS

Sec. 824.301. APPLICATION FOR DISABILITY RETIREMENT BENEFITS. (a) A member may apply for a disability retirement annuity by:

(1) filing a written application for retirement with the board of trustees; or

(2) having an application filed with the board by the member's legal representative.

(b) In addition to an application for retirement, a member shall file with the board of trustees the results of a medical examination of the member.

(c) The board of trustees by rule may require the submission to it of additional information about a disability. The retirement system shall prescribe forms for the information required by this section.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.301 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.302. ELIGIBILITY FOR DISABILITY RETIREMENT. A member is eligible to retire and receive a disability retirement annuity if the member:

(1) is mentally or physically disabled from the further performance of duty; and

(2) the disability is probably permanent.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.302 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 6, eff. Sept. 1, 1992.

Sec. 824.303. CERTIFICATION OF DISABILITY. (a) After a member applies for disability retirement, the medical board may require the member to submit additional information about the disability.

(b) If the medical board finds that the member is mentally or physically disabled from the further performance of duty and that the disability is probably permanent, the medical board shall

certify disability, and the member shall be retired.

(c) The medical board may rule on an application for disability retirement at a regular or special meeting or by mail, telephone, telegraph, or other suitable means of communication. Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.303 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.304. DISABILITY RETIREMENT BENEFITS. (a) If a member has a total of less than 10 years of service credit in the retirement system on the date of disability retirement, the retirement system shall pay the person a disability retirement annuity of \$150 a month for the shortest of the following periods:

- (1) the duration of the disability;
- (2) the number of months of creditable service the person has at retirement; or
- (3) the duration of the person's life.

(b) If a member has a total of at least 10 years of service credit in the retirement system on the date of disability retirement, the retirement system shall pay the person for the duration of the disability a disability retirement annuity in an amount equal to the greater of:

- (1) a standard service retirement annuity computed under Section 824.203; or
- (2) \$150 a month.

(c) Before the 31st day after the date on which the medical board certifies a member's disability, the member may reinstate withdrawn contributions and make deposits for military service and equivalent membership service and receive service credit as provided by this subtitle.

(d) The minimum benefits provided by this section are subject to reduction in the same manner as other benefits because of the selection of an optional 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. 34.304 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 7, eff. Sept. 1, 1992; Acts 1993, 73rd Leg., ch. 812, Sec. 8, 38, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 555, Sec. 24, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1416, Sec. 18, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1229, Sec. 10, eff. Sept. 1, 2001.

Sec. 824.305. MEDICAL EXAMINATION OF DISABILITY RETIREE. (a) Once each year during the first five years after a member retires for disability, and once in each three-year period after that, the board of trustees may require a disability retiree who is less than 60 years old to undergo a medical examination by one or more physicians the board designates.

(b) If a disability retiree refuses to submit to a medical examination as provided by this section, the board of trustees shall discontinue the retiree's annuity payments until the retiree submits to an examination.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.305 by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.307. RESTORATION OF DISABILITY RETIREE TO MEMBERSHIP. (a) If the medical board finds that a disability retiree is no longer mentally or physically incapacitated for the performance of duty, it shall certify its findings and submit them to the board of trustees.

(b) If a disability retiree is restored to active service, other than service described by Section 824.602(a)(1), or refuses for more than one year to submit to a required medical examination, or if the board of trustees concurs in a certification issued under Subsection (a), the board shall discontinue the retiree's annuity payments and the retiree must again become a member of the retirement system.

(c) When a person becomes a member under this section, an amount equal to the sum in the person's individual account in the member savings account at the time of retirement, minus the amount of annuity payments made since retirement, shall be transferred from the retired reserve account to the person's individual account in the member savings account. The member is entitled to service credit for all service credit used to compute the member's disability retirement annuity at the time of 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. 34.307 and

amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 8, eff. Sept. 1, 1992.

Sec. 824.308. OPTIONAL DISABILITY RETIREMENT BENEFITS. (a) Instead of an annuity payable under Section 824.304(b), a member retiring under that section may elect to receive an optional disability retirement annuity under this section. An election to receive an optional disability retirement annuity must be filed with the board of trustees not later than the later of the effective date of retirement or the date the member applies for retirement.

(b) An optional disability retirement annuity is an annuity payable throughout the disability of the disability retiree and is actuarially reduced from the annuity otherwise payable under Section 824.304(b) to its actuarial equivalent under the option selected under Subsection (c).

(c) An eligible member may select one of the following options:

(1) after the disability retiree's death, the reduced annuity is payable throughout the life of a person nominated by the retiree's written designation under Section 824.101 filed before retirement;

(2) after the disability retiree's death, one-half of the reduced annuity is payable throughout the life of the retiree's designated beneficiary;

(3) if the disability retiree dies before 60 monthly annuity payments have been made, the remainder of the 60 payments are payable to the designated beneficiary;

(4) if the disability retiree dies before 120 monthly annuity payments have been made, the remainder of the 120 payments are payable to the designated beneficiary; or

(5) after the disability retiree's death, three-fourths of the reduced annuity is payable throughout the life of the retiree's designated beneficiary.

(d) If the person nominated by the disability retiree's written designation under Section 824.101 filed before or at the time of retirement predeceases the disability retiree, the reduced annuity of a disability retiree who has elected an optional retirement annuity under Subsection (c)(1), (c)(2), or (c)(5) is increased to the standard retirement annuity that the disability retiree would otherwise be entitled to receive if the disability retiree had not selected an annuity option. The standard retirement annuity shall be adjusted as appropriate for postretirement increases in retirement benefits authorized by law after the date of retirement.

(e) The increase in the annuity under Subsection (d) begins with the first monthly payment made to the disability retiree after the date of death of the designated beneficiary and is payable to the disability retiree for the remainder of the disability retiree's disability.

(f) The board of trustees shall adopt separate tables to be used to reduce an optional disability retirement annuity under this section to the actuarial equivalent of the standard retirement annuity.

(g) The continued payment to a disability retiree and the future payment to the retiree's designated beneficiary of any disability benefit, including an optional payment elected under Subsection (c), are conditioned on the continuation of the retiree's disabled status until the date of the retiree's death.

(h) The same requirements and limitations that apply to the designation or changing of beneficiaries for service retirement annuity options, including Section 824.101, apply to the designation of beneficiaries for disability retirement options.

Added by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 9, eff. Sept. 1, 1992. Amended by Acts 1993, 73rd Leg., ch. 812, Sec. 9, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 555, Sec. 25, eff. Sept. 1, 1995.

Sec. 824.309. CHANGE OF DISABILITY RETIREMENT PAYMENT PLAN. (a) A retiree may change the retiree's choice of disability retirement payment plans after the retiree's effective date of retirement by filing written notice with the board of trustees before the later of the date on which the retirement system makes the first annuity payment or the date the first payment becomes due. After the first payment has been made by the retirement system or has become due, a retiree may not change the annuity payment plan selected.

(b) For purposes of this section, the term "makes payment" includes the depositing in the mail of a payment warrant or the crediting of an account with payment through electronic funds transfer.

(c) The retirement system may adopt rules to administer this section.

Added by Acts 1993, 73rd Leg., ch. 812, Sec. 10, eff. Sept. 1, 1993.

SUBCHAPTER E. MEMBER DEATH BENEFITS

Sec. 824.401. AVAILABILITY OF ANNUITY. (a) A death benefit annuity under this chapter is payable only if the decedent had, at the time of death, at least the minimum amount of service credit in the retirement system necessary for a service retirement annuity at an attained age.

(b) Multiple beneficiaries are not eligible to receive a death benefit annuity under Section 824.402(a)(4) or an equivalent annuity under Section 824.403.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.401 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.402. BENEFITS ON DEATH OF ACTIVE MEMBER. (a) Except as provided by Section 824.401, the designated beneficiary of a member who dies during a school year in which the member has performed service is eligible to receive at the beneficiary's election the greatest of the following amounts:

(1) an amount equal to twice the member's annual compensation for the school year immediately preceding the school year in which the member dies, or \$80,000, whichever is less;

(2) an amount equal to twice the member's rate of annual compensation for the school year in which the member dies, or \$80,000, whichever is less;

(3) 60 monthly payments of a standard service retirement annuity, computed as provided by Section 824.203;

(4) an optional retirement annuity for the designated beneficiary's life in an amount computed as provided by Section 824.204(c)(1) as if the member had retired on the last day of the month immediately preceding the month in which the member dies; or

(5) an amount equal to the amount of accumulated contributions in the member's individual account in the member savings account.

(b) In addition to the benefits provided under Subsection (a), the designated beneficiary of a member who is an employee of a school district and who dies as the result of a physical assault during the performance of the employee's regular duties is eligible to receive a lump-sum death benefit payment in the amount of \$160,000.

(c) The board of trustees by rule may prescribe the manner of payment of benefits under this section.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1987, 70th Leg., ch. 413, Sec. 4, eff. Sept. 1, 1987. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.402 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 555, Sec. 26, eff. Sept. 1, 1995; Acts 1999, 76th Leg., ch. 1540, Sec. 12, eff. Sept. 1, 1999.

Sec. 824.403. BENEFITS ON DEATH OF INACTIVE MEMBER. Except as provided by Section 824.401, the designated beneficiary of a member who dies while absent from service is eligible to receive:

(1) the same benefits payable under Section 824.402 or 824.404 if the member's absence from service was:

(A) because of sickness, accident, or other cause the board of trustees determines involuntary;

(B) in furtherance of the objectives or welfare of the public school system; or

(C) during a time when the member was eligible to retire or would become eligible without further service before the fifth anniversary of the member's last day of service as a member; or

(2) an amount equal to the accumulated contributions in the member's individual account in the member savings account, if the member's absence from service does not satisfy a requirement of Subdivision (1).

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.403 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1,

1989.

Sec. 824.404. SURVIVOR BENEFITS. (a) The designated beneficiary of a member who dies may, if entitled to a death benefit other than the accumulated contributions of the member, elect to receive, instead of a benefit payable under Section 824.402 or 824.403, a lump-sum payment of \$2,500 plus an applicable monthly benefit described in this section.

(b) If the designated beneficiary is the spouse or a dependent parent of the decedent, the beneficiary may elect to receive for life a monthly benefit of \$250, beginning immediately or on the date the beneficiary becomes 65 years old, whichever is later.

(c) If the designated beneficiary is the spouse of the decedent and has one or more children less than 18 years old or has custody of one or more children of the decedent who are less than 18 years old, the designated beneficiary may elect to receive:

(1) a monthly benefit of \$350 payable until the youngest child becomes 18 years old; and

(2) when the youngest child has attained the age of 18, a monthly benefit for life of \$250, beginning on the date the beneficiary becomes 65 years old.

(d) If the designated beneficiary or beneficiaries are the decedent's dependent children who are less than 18 years old, their guardian may elect to receive for them:

(1) a monthly benefit of \$350, payable as long as two or more children are less than 18 years old; and

(2) a monthly benefit of \$250, payable as long as only one child is less than 18 years old.

(e) If the designated beneficiary is the spouse or a dependent parent of the decedent, benefits under Subsection (d) are payable, if a dependent child less than 18 years old exists, on the death of the beneficiary.

(f) A person who qualifies to receive survivor benefits from more than one deceased member as a spouse or a spouse with a dependent child is entitled to be paid only benefits based on the death of one of the decedents.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1985, 69th Leg., ch. 699, Sec. 1, eff. Sept. 1, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.404 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1993, 73rd Leg., ch. 812, Sec. 11, eff. Sept. 1, 1993; Acts 1997, 75th Leg., ch. 1416, Sec. 19, eff. Sept. 1, 1997; Acts 2001, 77th Leg., ch. 1229, Sec. 11, eff. Sept. 1, 2001.

Sec. 824.4041. BENEFITS FOR CERTAIN SURVIVING SPOUSES. (a) A person is eligible to receive benefits under this section if the person:

(1) is the designated beneficiary of a deceased member;

(2) elected before September 1, 1980, to receive for life a monthly benefit of \$75 beginning at the age of 65;

(3) became ineligible for the benefits because the person remarried before September 1, 1980; and

(4) reapplies for benefits under this section.

(b) The retirement system shall:

(1) verify whether a person is eligible to receive benefits under this section; and

(2) if the person is eligible, make payments to the person of a monthly benefit in the amount specified in Section 824.404.

(c) The retirement system shall make payment to a person eligible to receive benefits under this section beginning with the month after the month in which the person reapplies for benefits under this section.

Added by Acts 1993, 73rd Leg., ch. 792, Sec. 1, eff. Sept. 1, 1993.

Sec. 824.405. TABLES FOR DETERMINATION OF DEATH BENEFIT ANNUITY. For the purpose of computing a death benefit annuity under Section 824.402(a)(4) or Section 824.403, the board of trustees shall extend the tables:

(1) in Section 824.202(b) or (b-1), as applicable, to ages earlier than 55 years by actuarially reducing the benefit available at the age of 55 years to the actuarial equivalent at the attained age of the beneficiary; and

(2) in Section 824.202(b) or (d-1), as applicable, to ages earlier than the earliest retirement age by actuarially reducing the benefit available at the earliest retirement age to

the actuarial equivalent at the attained age of the beneficiary. Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.405 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2005, 79th Leg., ch. 1359, Sec. 14, eff. Sept. 1, 2005.

Sec. 824.406. BENEFITS FOR SURVIVORS OF CERTAIN MEMBERS. (a) Except as provided by Subsection (c), an eligible surviving spouse who is the designated beneficiary of a person who died before April 8, 1957, and who had at the time of death a total of at least 25 years of service credit and military leave credit in the retirement system, is eligible to receive an applicable survivor benefit available under Section 824.404.

(b) A surviving spouse eligible under this section to receive a benefit is one who has not received from the retirement system a benefit based on the member's death, other than a return of the member's accumulated contributions.

(c) A surviving spouse who qualifies under this section for a survivor benefit is not eligible to receive a lump-sum benefit under Section 824.404(a).

(d) A benefit under this section is payable beginning on the last day of the month in which an eligible person applies for the benefit on a form prescribed by and filed 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. 34.406 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.407. GUARANTEED RETURN OF AMOUNT EQUAL TO CONTRIBUTIONS. If a beneficiary selects a life annuity death benefit under Section 824.402, the retirement system shall pay a lump-sum death benefit in an amount, if any, by which the amount of the deceased member's accumulated contributions at the time of death exceeds the amount of annuity payments made to the beneficiary before the beneficiary's death. This lump-sum benefit will be paid to the person designated by the beneficiary of the annuity or, if no person is designated, to the estate of the beneficiary.

Added by Acts 1987, 70th Leg., ch. 61, Sec. 6, eff. Aug. 31, 1987. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.407 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

SUBCHAPTER F. RETIREE DEATH BENEFITS

Sec. 824.501. SURVIVOR BENEFITS. (a) The designated beneficiary of a service or disability retiree who dies while receiving a service or disability retirement benefit may elect to receive:

(1) a lump-sum payment of \$2,500, plus an applicable monthly benefit under Section 824.404; or

(2) a lump-sum benefit of \$10,000.

(b) An eligible person may receive benefits under this section, Section 824.204, and Section 824.308.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Amended by Acts 1989, 71st Leg., ch. 835, Sec. 5, eff. Sept. 1, 1989. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.501 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 10, eff. Sept. 1, 1992.

Sec. 824.502. BENEFITS ON DEATH OF DISABILITY RETIREE. The designated beneficiary of a disability retiree who retires before September 1, 1992, who has not selected an optional annuity under Section 824.308, and who dies while receiving a retirement benefit may elect to receive, instead of survivor benefits provided by Section 824.501, a benefit available under Section 824.402, computed as if the decedent had been in service at the time of death.

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.502 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 11, eff. Sept. 1, 1992; Acts 1999, 76th Leg., ch. 1540, Sec. 13, eff. Sept. 1, 1999.

Sec. 824.503. RETURN OF EXCESS CONTRIBUTIONS. (a) If a retiree dies while receiving a standard or reduced service retirement annuity as provided by Section 824.202 or an optional

service retirement annuity as provided by Section 824.204(c)(1), (c)(2), or (c)(5) and, in the case of a retiree receiving an optional service retirement annuity, if the retiree's designated beneficiary of the annuity has predeceased the retiree, the retirement system shall pay a lump-sum death benefit in an amount, if any, by which the amount of the deceased retiree's accumulated contributions at the time of retirement exceeds the amount of annuity payments made before the retiree's death.

(b) A benefit under Subsection (a) is payable to any existing designated beneficiary or, if none exists, in the manner provided by Section 824.103.

(c) If a retiree's designated beneficiary dies while receiving an optional annuity under Section 824.204(c)(1), (c)(2), or (c)(5), the retirement system shall pay a lump-sum death benefit in an amount, if any, by which the amount of the retiree's accumulated contributions at the time of retirement exceeds the amount of annuity payments made to the retiree and the designated beneficiary before the beneficiary's death.

(d) A benefit under Subsection (c) is payable to the person or persons designated as the beneficiary of the beneficiary and, if such person has not been designated or does not survive, then to the persons entitled to distribution of the deceased beneficiary's estate.

(e) An eligible person may receive benefits under both this section and Section 824.501.

(f) The designated beneficiary of a disability retiree is eligible to receive the benefits described by this section if the retiree:

(1) retires on or after September 1, 1992; and

(2) dies while receiving disability retirement benefits under Section 824.304(b).

Acts 1981, 67th Leg., p. 1876, ch. 453, Sec. 1, eff. Sept. 1, 1981. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.503 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 12, eff. Sept. 1, 1992; Acts 1995, 74th Leg., ch. 555, Sec. 27, eff. Sept. 1, 1995; Acts 2005, 79th Leg., ch. 1359, Sec. 15, eff. Sept. 1, 2005.

Sec. 824.504. BENEFITS FOR SURVIVORS OF CERTAIN RETIREES. (a) Except as provided by Subsection (b), a surviving spouse who is the designated beneficiary of a retiree who did not perform a year of service after November 23, 1956, that was credited in the retirement system and who died before August 23, 1963, while receiving a retirement benefit, is eligible to receive an applicable survivor benefit available under Section 824.404.

(b) A surviving spouse who qualifies under this section for a survivor benefit is not eligible to receive a lump-sum benefit under Section 824.404(a).

(c) A benefit under this section is payable beginning on the last day of the month in which an eligible person applies for the benefit on a form prescribed by and filed 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. 34.504 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989.

Sec. 824.505. OTHER AMOUNTS PAYABLE ON DEATH OF RETIREE. (a) Amounts payable by the retirement system to an annuitant that are not received by that annuitant or the annuitant's bank, as determined by the retirement system, before the annuitant's death may be paid to the person named to receive benefits in the event of the annuitant's death, in accordance with rules adopted by the board of trustees. The retirement system may send a final monthly payment of an annuity to a bank or another address previously indicated by the annuitant or beneficiary.

(b) The board of trustees may adopt rules necessary to administer this section.

Added by Acts 1991, 72nd Leg., ch. 16, Sec. 11.05(f), eff. Aug. 26, 1991. Amended by Acts 1995, 74th Leg., ch. 555, Sec. 28, eff. Sept. 1, 1995.

SUBCHAPTER G. LOSS OF BENEFITS ON RESUMPTION OF SERVICE

Sec. 824.601. LOSS OF MONTHLY BENEFITS. (a) In this section, "third-party entity" means an entity retained by a Texas public educational institution to provide personnel to the institution that perform duties or provide services that employees

of the institution would otherwise perform or provide.

(b) Except as provided by Section 824.602, a retiree is not entitled to service or disability retirement benefit payments, as applicable, for any month in which the retiree is employed in any position by a Texas public educational institution.

(c) A Texas public educational institution, for the purposes of this subchapter, is any entity included in the definition of "employer" or "public school" in Section 821.001 or any entity in whose employment the retiree has earned credit as a member of the retirement system.

(d) A retiree who is an employee of a third-party entity is considered to be employed by a Texas public educational institution for purposes of this subchapter unless the retiree does not perform duties or provide services on behalf of or for the benefit of the institution.

(e) Loss of benefits under this section does not extend any period of guaranteed benefits elected pursuant to Section 824.204.

(f) The system may adopt rules necessary for administering this subchapter.

Added by Acts 1985, 69th Leg., ch. 832, Sec. 6, eff. June 15, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.601 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989; Acts 2003, 78th Leg., ch. 655, Sec. 2, eff. June 20, 2003.

Sec. 824.602. EXCEPTIONS. (a) Subject to Section 825.506, the retirement system may not, under Section 824.601, withhold a monthly benefit payment if the retiree is employed in a Texas public educational institution:

(1) as a substitute only with pay not more than the daily rate of substitute pay established by the employer and, if the retiree is a disability retiree, the employment has not exceeded a total of 90 days in the school year;

(2) in a position, other than as a substitute, on no more than a one-half time basis for the month;

(3) in one or more positions on as much as a full-time basis, if the work occurs in not more than six months of a school year that begins after the retiree's effective date of retirement;

(4) in a position, other than as a substitute, on no more than a one-half time basis for no more than 90 days in the school year, if the retiree is a disability retiree;

(5) in a position as a classroom teacher on as much as a full-time basis, if the retiree has retired under Section 824.202(a) or (a-1), is certified under Subchapter B, Chapter 21, Education Code, to teach the subjects assigned, is teaching in an acute shortage area as determined by the board of trustees of a school district as provided by Subsection (m), and has been separated from service with all public schools for at least 12 months;

(6) in a position as a principal, including as an assistant principal, on as much as a full-time basis, if the retiree has retired under Section 824.202(a) or (a-1) without reduction for retirement at an early age, is certified under Subchapter B, Chapter 21, Education Code, to serve as a principal, and has been separated from service with all public schools for at least 12 months;

(7) as a bus driver for a school district on as much as a full-time basis, if the retiree has retired under Section 824.202(a) or (a-1), and the retiree's primary employment is as a bus driver; or

(8) as a faculty member, during the period beginning with the 2005 fall semester and ending on the last day of the 2015 spring semester, in an undergraduate professional nursing program or graduate professional nursing program, as defined by Section 54.221, Education Code, and if the retiree has been separated from service with all public schools for at least 12 months.

(b) Working any portion of a day counts as working a full day for the purposes of Subsection (a)(1) or (a)(4).

(c) Working any portion of a month counts as working a full month for the purposes of Subsection (a)(3).

(d) A retiree to whom Subsection (a)(3) applies is not eligible during that school year for any other exceptions to loss of benefits provided in this section. If a retiree is employed under the exemption provided in Subsection (a)(3) for a school year, the retirement system must include any previous employment during the school year, including any employment that relied upon the exemptions in Subsection (a)(1) or (a)(2), in determining whether

and when the retiree has exceeded six months of employment in the school year.

(e) Except as provided by Subsections (n) and (o), the exception provided by Subsection (a) does not apply to a retiree working as a substitute under Subsection (a)(1) who also works in another position described by Subsection (a) in the same month.

(f) The retirement system shall include any employment during the school year, including any employment that relied on the exemption provided by Subsection (a)(1) or (a)(4), in determining whether and when a disability retiree has exceeded 90 days of employment in the school year.

(g) The exceptions provided by Subsections (a)(2) and (a)(3) do not apply to disability retirees. The retirement system nevertheless may not withhold a monthly benefit payment under Section 824.601 if:

(1) a disability retiree is employed in a Texas public educational institution in a position, other than as a substitute, for a period not to exceed three consecutive months of the school year;

(2) the work occurs in a period, designated by the disability retiree, of no more than three consecutive months of a school year;

(3) the disability retiree executes on a form and at a time prescribed by the retirement system a written election to have this exception apply on a one-time trial basis in determining whether benefits are to be suspended for the months of employment after retirement and in determining whether a disability retiree is no longer mentally or physically incapacitated for the performance of duty; and

(4) the disability retiree has not previously elected to avoid loss of monthly benefits in a school year under this subsection.

(h) A disability retiree is not entitled to service credit for service during a trial period under Subsection (g) if the retiree is restored to active service.

(i) Section 824.005(b), concerning revocation of retirement on certain reemployment, applies to employment described in Subsection (a) or (g).

(j) The board of trustees shall adopt rules governing the employment of a substitute and defining "one-half time basis."

(k) The actuary designated by the board of trustees shall, in investigating the experience of the members of the system, note any significant increase in early age retirements and determine the extent to which any increase has been caused by the exception to loss of benefits for employment after retirement provided by Subsection (a)(3). If the actuary certifies in writing to the retirement system that sound actuarial funding of the retirement system's benefits is endangered by continuation of this exception, the board of trustees may determine that no further elections of the exception will be accepted from retirees, other than from those who have previously relied on the exception in retiring under this subtitle. A retiree may be considered to have relied on this exception only if retirement occurred on or after May 31, 1985, but before the date the board of trustees acknowledges receipt of such certification and if the retiree has first elected to receive benefits under the exception not later than two years after the retiree's effective date of retirement.

(l) This subchapter does not apply to payments under Section 824.804(b).

(m) The board of trustees of a school district by rule shall determine, for purposes of Subsection (a), whether there are acute shortage areas in the district. A determination must be based on acute shortage area guidelines that are adopted by the commissioner of education. The guidelines adopted by the commissioner of education must include:

(1) a list of acute shortage areas;

(2) suggested criteria for identifying local acute shortage areas; and

(3) a requirement that a certified applicant for a position as a classroom teacher who is not a retiree be given preference in hiring.

(n) The exception provided by Subsection (a) applies to a retiree employed in positions under Subsections (a)(1) and (a)(2) in the same month only if the total number of days that the retiree works in those positions in that month do not exceed the number of

days per month for work on a one-half-time basis.

(o) The exception provided by Subsection (a) applies to a disability retiree employed in positions under Subsections (a)(1) and (a)(4) in the same month only if the total number of days that the disability retiree works in those positions in that month do not exceed the number of days per month for work on a one-half-time basis.

Added by Acts 1985, 69th Leg., ch. 832, Sec. 6, eff. June 15, 1985. Amended by Acts 1987, 70th Leg., ch. 61, Sec. 7, eff. Aug. 31, 1987. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.602 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., 1st C.S., ch. 13, Sec. 13, eff. Nov. 12, 1991; Acts 1993, 73rd Leg., ch. 113, Sec. 1, eff. May 9, 1993; Acts 1995, 74th Leg., ch. 555, Sec. 29, eff. Sept. 1, 1995; Acts 1997, 75th Leg., ch. 1416, Sec. 20, eff. Sept. 1, 1997; Acts 1999, 76th Leg., ch. 1540, Sec. 14, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 567, Sec. 1, eff. June 11, 2001; Acts 2001, 77th Leg., ch. 1229, Sec. 12, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 738, Sec. 1, eff. June 20, 2003; Acts 2003, 78th Leg., ch. 1276, Sec. 9.017, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 674, Sec. 8, eff. June 17, 2005; Acts 2005, 79th Leg., ch. 1359, Sec. 16, eff. Sept. 1, 2005.

Sec. 824.6022. REQUIRED REPORTS; OFFENSE. (a) An employer shall file a monthly certified statement of employment of a retiree in the form and manner required by the retirement system.

(b) A person commits an offense if the person is an administrator of an employer, is responsible for filing a statement under Subsection (a), and knowingly fails to file the statement as required.

Added by Acts 2005, 79th Leg., ch. 1359, Sec. 17, eff. Sept. 1, 2005.

Sec. 824.603. EXCLUSION FROM CREDIT. Employment of a retiree described by Section 824.602(a) does not entitle a retiree to additional service credit, and the retiree so employed is not required to make contributions to the system from compensation for that employment.

Added by Acts 1985, 69th Leg., ch. 832, Sec. 6, eff. June 15, 1985. Renumbered from Vernon's Ann.Civ.St. Title 110B, Sec. 34.603 and amended by Acts 1989, 71st Leg., ch. 179, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 1229, Sec. 13, eff. Sept. 1, 2001.

SUBCHAPTER H. INCREASES IN ANNUITIES

Sec. 824.701. APPLICATION OF ANNUITY INCREASES TO CERTAIN ANNUITIES. (a) An increase that is provided by law in the amount of an annuity being paid by the retirement system and that is applicable to retirements occurring before, or not later than, a date specified in the law also applies to an annuity based on the service of a member who, before October 1, 1989:

(1) accepted, under Subchapter C, service retirement that became effective on a date that is within the period specified for eligibility for the increase;

(2) subsequently revoked the person's service retirement as provided by Section 824.005;

(3) subsequently applied for disability retirement under Section 824.301 to be effective at the end of the month in which the revocation of service retirement occurred;

(4) did not receive a disability retirement annuity under Subchapter D;

(5) subsequently accepted service retirement that became effective at the end of the month in which the earlier revocation of service retirement occurred; and

(6) applies to the retirement system in writing for recomputation of the person's annuity.

(b) As soon as practicable after a person applies under this section, the retirement system shall verify whether an applicant meets the requirements of this section and is entitled to any increases in annuities provided by existing law.

(c) The retirement system shall increase the amount of an annuity payable to a retiree who applies and is verified as eligible for an increase in annuities provided by law, by the amount or rate of the increase. The first payment of an annuity as increased by this section is due on the later of:

(1) the end of the month in which the retiree is verified under this section as eligible for the increase; or

(2) a date of first payment specified in the law

providing for the increase.

(d) For the sole purpose of determining eligibility for or the amount of increases in annuities provided by law after the date a retiree has been verified as eligible for an increase under this section, the date of retirement of the person on whose service the annuity is based will be considered the date of original service retirement that was subsequently revoked, if the retiree has not terminated the subsequent service retirement as provided by this subtitle.

Added by Acts 1989, 71st Leg., ch. 222, Sec. 5, eff. May 26, 1989. Renumbered from Title 110B, Sec. 34.701 by Acts 1989, 71st Leg., ch. 1100, Sec. 4.11(b), eff. Sept. 1, 1989.

SUBCHAPTER I. DEFERRED RETIREMENT OPTION PLAN

Sec. 824.801. DEFINITION. In this subchapter, "plan" means the deferred retirement option plan provided by this subchapter.

Added by Acts 1997, 75th Leg., ch. 1416, Sec. 21, eff. Sept. 1, 1997.

Sec. 824.8011. DEADLINE TO ELECT TO PARTICIPATE. A person must make an election to participate in the plan not later than December 31, 2005.

Added by Acts 2005, 79th Leg., ch. 1359, Sec. 18, eff. Sept. 1, 2005.

Sec. 824.802. PARTICIPATION IN PLAN. (a) A contributing member who is eligible under Section 824.202 to retire and receive a standard service retirement annuity that is not reduced for retirement at an early age and who has at least 25 years of service credit in the retirement system may, if the member remains an employee, elect to participate in the deferred retirement option plan.

(b) An election to participate in the plan must be on a form prescribed by and filed with the retirement system. An election may be made only once and must state the period that the member wishes to participate in the plan. The period must be a minimum of 12 consecutive months and be in 12-month increments. The maximum period a member may participate in the plan is 60 consecutive months. An election under this section is irrevocable after filing. The filing of an election under this section is not considered for any purpose an application for retirement, and a person is not considered a retiree for any purpose because of the filing.

(c) The effective date of a member's participation in the plan is the first day of the month after the month in which an election is received and approved by the retirement system. The retirement system shall approve the election filed by a member who is eligible to make the election.

Added by Acts 1997, 75th Leg., ch. 1416, Sec. 21, eff. Sept. 1, 1997.

Sec. 824.803. COMPUTATION OF PARTICIPANT'S SERVICE AND ANNUITY. (a) A person participating in the plan remains a member of the retirement system during the period of participation, unless the member terminates membership under Section 822.003, but the member may not, during participation, accrue additional service credit. The member shall make employee contributions to the retirement system, and the state and the member's employing district, if applicable, shall make contributions for the member's service performed during the member's participation in the plan. Member contributions made during the period of participation in the plan are not eligible for withdrawal by the participant and are deposited in the retired reserve account. The member and the state retain the obligation to contribute under Sections 1575.202 and 1575.203, Insurance Code, during the member's participation in this plan.

(b) For purposes of the plan, the computation of the service retirement annuity of a member participating in the plan is determined as of the effective date of participation. A participating member is not eligible to receive a postretirement increase made applicable to annuitants during the member's participation in the plan.

(c) An election to participate in the plan constitutes a deadline for the purchase of special service credit.

Added by Acts 1997, 75th Leg., ch. 1416, Sec. 21, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.522, eff. Sept. 1, 2003.

Sec. 824.804. BENEFITS UNDER PLAN. (a) On the effective date of a member's participation in the plan, the retirement system

shall make the transfers required by Section 825.309 to the retired reserve account as if the member had retired on that date. The retirement system shall transfer monthly, during the period of the member's participation in the plan, from the retired reserve account to an account for the member in the deferred retirement option account an amount equal to:

(1) 60 percent of the amount the member would have received that month under a standard service retirement annuity if the member had retired under the multiplier currently in effect; or

(2) if the member began participation in the plan before September 1, 1999, 79 percent of the amount the member would have received that month under a standard service retirement annuity if the member had retired under the multiplier currently in effect.

(b) When a member who has participated in the plan retires from the retirement system, the person is entitled to the accumulated amount in the member's account in the deferred retirement option account, including creditable interest. The amount is payable in a lump sum, in periodic installments, or as provided by Section 825.509, at the option of the member. The board of trustees by rule shall determine the number and frequency of installment payments.

(c) If a member dies during participation in the plan or after participation but before retirement, the decedent's designated beneficiary is entitled to the accumulated amount in the decedent's account in the deferred retirement option account, including creditable interest. The beneficiary is also entitled to a death benefit based on compensation and years of service on the effective date of participation in the plan and on age on the date of death.

(d) Payment of the benefit provided under the plan is in addition to any annuity otherwise payable under this subtitle. The retiring member may choose a DROP payment in accordance with the provisions of Section 825.509.

Added by Acts 1997, 75th Leg., ch. 1416, Sec. 21, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 1540, Sec. 15, eff. Sept. 1, 1999.

Sec. 824.805. TERMINATION OF PARTICIPATION IN PLAN. (a) Except as provided by Subsection (b), a member terminates participation in the plan by:

(1) retirement;

(2) death; or

(3) expiration of the period for which participation was approved.

(b) This subsection applies only to a member participating in the plan on September 1, 2005, or to a member whose period of participation in the plan expired on or before September 1, 2005, but who has not retired on or before that date. A member described by this subsection may, before December 31, 2005, revoke the member's decision to participate in the plan on a form prescribed by and filed with the retirement system. The retirement system shall make account transfers and change records for a member who revokes the member's decision to participate in the plan as if the member had never participated in the plan.

Added by Acts 1997, 75th Leg., ch. 1416, Sec. 21, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 1540, Sec. 16, eff. Sept. 1, 1999; Acts 2001, 77th Leg., ch. 1229, Sec. 14, eff. Sept. 1, 2001; Acts 2005, 79th Leg., ch. 1359, Sec. 19, eff. Sept. 1, 2005.

Sec. 824.806. BENEFITS FOR SERVICE AFTER PLAN PARTICIPATION. (a) Any eligible service credit accrued after termination of participation in the plan and before retirement shall be credited in the retirement system.

(b) At the time a member retires or dies, the retirement system shall compute the value of the additional service credit at the rate provided under Section 824.203, based on the lesser of the three years of service after the member's termination of plan participation, or the member's actual years of service after the termination, in which the member received the highest annual compensation. The retirement system shall add the amount computed under this subsection to the amount determined on the effective date of plan participation, and the sum is payable, subject to actuarial reduction if applicable, as the monthly annuity payment. Added by Acts 1997, 75th Leg., ch. 1416, Sec. 21, eff. Sept. 1, 1997.

Sec. 824.807. INTEREST. Interest is creditable to a member's account in the deferred retirement option account at an annual, prorated rate equal to five percent during the period of participation in the plan and until all benefits are distributed. Added by Acts 1997, 75th Leg., ch. 1416, Sec. 21, eff. Sept. 1, 1997.