



Summary of Proposed Amendments to the TMRS Act

1. Update the Act's Cost-of-Living Adjustment (COLA) Provisions.

This amendment will make the last Session's COLA provisions (HB 2464) permanent without its current restrictions and add 40% and 60% COLA percentage options to TMRS' current 30%, 50%, and 70% COLA percentage options.

2. Allow Cities to Select COLA and USC Plan Benefit Options Independent of the Other.

This amendment permits cities to offer a Cost-of-Living Adjustment (COLA) and Updated Service Credit (USC) independent of each other. Today, if a city adopts a COLA, it also must adopt USC. However, the city can adopt USC but not a COLA.

TMRS' statutory responsibility is to provide cities with a menu of benefit options. It is not to force a city to adopt a benefit that it does not want. Requiring a city to offer USC if it wants to offer a COLA violates that responsibility and makes adopting a COLA much more expensive for cities.

3. Make City Benefit Plan Changes Effective on January 1.

This amendment would make all city TMRS-related ordinances effective on January 1 of the year after the city's adoption of the ordinance (except for ordinances relating to a city's participation in TMRS or to reduce the city's member contribution rate).

4. Repeal the Statutory Limitation on Maximum City Contribution Rates (Stat Max).

This amendment would repeal the Act's current statutory limitation on maximum city contribution rates (Stat Max). The Stat Max is a relic from the original 1947 Act and is outdated and unnecessary. The Act now requires each city to pay an actuarially determined contribution (ADC) rate based on that city's benefit plan design. The Legislature eliminated the Stat Max for any city that joined TMRS after January 1, 2000. As a result, only 309 of TMRS' 938 participating cities remain subject to the Stat Max. Repealing the Stat Max will eliminate an unnecessary provision from the Act and result in uniformity for all participating cities.

5. Update Small Estate Affidavit Provisions.

This amendment will make TMRS' small estate size limit (\$50,000) consistent with the Texas Estates Code size limit (\$75,000) and remove TMRS' current limit on the number of heirs (three) that can be paid when using the Affidavit.

6. Add Litigation Venue Provisions.

This amendment establishes Travis County as the venue for any legal action brought against TMRS and establishes Travis County or the defendant's county as the venue for any legal action brought by TMRS.