



Retirement Benefits for Judicial Officers JRS Plan 2

**As administered by the
Employees Retirement
System of Texas**

September 2019

ERS[®]
EMPLOYEES  RETIREMENT
SYSTEM OF TEXAS

Retirement Benefits for Judicial Officers in JRS 2

This booklet provides information regarding Judicial Retirement System of Texas Plan 2 (JRS 2) retirement benefits available to eligible judges and justices in the state. This publication summarizes the law (Subtitle E, Title 8, Texas Government Code) and Board of Trustees Rules of the Employees Retirement System of Texas (ERS), which administers JRS 2. The law and rules prevail in all questions of interpretation and application.



Customer Benefits Division
P. O. Box 13207 • Austin, Texas 78711-3207
Toll-free (877) 275-4377
www.ers.texas.gov

JRS 2 membership

If you became a judicial officer after August 31, 1985, you are required to hold membership in JRS 2.

If you became a judicial officer after August 31, 1985, you are required to be a member of and contribute to JRS 2. Membership begins the first day you hold office.

If you have ever been a member of the Judicial Retirement System of Texas Plan 1, you may not join JRS 2. You must resume membership in the system you were in during previous service.

If for any reason you cease to be a judicial officer, you may withdraw your contributions from JRS 2. This will cancel your service credit in JRS 2. You may resume contributions when you resume state elected or appointed judicial service.

Each month, a percentage of your gross salary will be deducted as your contribution to JRS 2 and credited to your individual retirement account. In addition, the state contributes to the ERS retirement fund.

Fiscal Year	Member Contribution Rate
2013 and earlier	6.0%
2014	6.6%
2015	6.9%
2016	7.2%
2017	7.5%
2020	9.5%

A member of JRS 2 who accrues 20 years of service credit in the retirement system may elect to continue making contributions. A member who has served at least 12 years on an appellate court and who meets the Rule of 70 may also elect to continue making contributions.

Retirement benefits

There are three types of retirement benefits under JRS 2: service retirement benefits, disability retirement benefits and death benefits.

Statement of Retirement Benefits

While you're still contributing to an ERS retirement account, ERS will send you an annual statement of your retirement benefits. You can use this statement and the Summary of Social Security benefits from the Social Security Administration together to get a complete picture of your retirement benefits. The ERS statement provides important retirement planning information.

Social Security

As a judicial officer, you are covered by Social Security. The benefits you receive from Social Security do not affect any retirement benefits you receive from JRS 2.

For information regarding your Social Security benefits, you should contact the Social Security Administration.

A member who is convicted of a qualifying felony (Tx Gov't Code Section 810.002), impeached or removed from office for official misconduct may not receive benefit payments.

Retirement benefits for members of JRS 2

Retirement eligibility

You become eligible to receive an unreduced service retirement annuity in four ways:

- at age 65 with 10 years of creditable service and currently holding a judicial office (not including serving as a visiting judge), or
- age 65 with 12 years of service if not holding office, or
- at any age with 20 years service, whether or not you currently hold a judicial office, or
- if you served at least 12 years on an appellate court and the sum of your age and amount of service credit in the judicial retirement system equals or exceeds the number 70, whether or not you currently hold office.

You may choose to receive a permanently reduced benefit as early as:

- age 60 with 10 years of service, currently holding a judicial office, or
- age 60 with 12 years of service if not holding office.

Reduction percentages for early retirement

Age at Retirement	Percentage of State Salary
At least 60 but less than 61	40.0%
At least 61 but less than 62	41.7%
At least 62 but less than 63	43.6%
At least 63 but less than 64	45.6%
At least 64 but less than 65	47.7%

Earning service credit

Service credit affects both your eligibility to retire and the amount of your annuity. The primary way to earn service credit is to remain employed as a judicial officer. Other ways are outlined below.

Establishing additional service credit

You may receive additional service credit by purchasing past active military service, previously withdrawn judicial service, calendar year or Additional Service Credit (ASC). Contact ERS to request service purchase cost information. ERS will send you a cost estimate detailing each purchase plan available to you.

Additional Service Credit

Contributing members of JRS 2 are eligible to purchase ASC for additional retirement credit. ASC can only be bought to meet retirement eligibility of 20 years at any age.

This credit purchase option allows up to five years of additional service to be purchased by paying to the System the actuarial present value of the additional benefit attributable to the additional service credit. You must be a member and have at least 15 years of JRS 2

membership service (not counting military service) to be eligible for this option.

Military service credit

You may buy up to 48 months (four years) of prior active military service if you have at least eight years of service credit in JRS 2 and are not eligible to receive a full military retirement benefit. If you do not establish the credit during your first year of eligibility, 10% interest will be applied for each fiscal year from the date of first eligibility to the date of deposit.

Calendar year service

A member who has not retired may establish service credit in the retirement system for any calendar year during which the member:

- held an office included in the membership of the retirement system, or
- was eligible to take the oath for an office included in the membership of the retirement system.

If you do not establish credit before the first anniversary of the date of first eligibility, interest is computed on the basis of the fiscal year at an annual rate of 10% from the date of first eligibility to the date of deposit.

Earning service credit

Withdrawn Judicial Service Credit

When you leave state employment and withdraw your retirement account, you no longer have the time you worked as service credit. If you return to judicial service or are a non-contributing member, you may buy back withdrawn judicial service.

The cost to buy this type of service is the amount you originally withdrew plus 5% interest for each fiscal year from the withdrawal date to the purchase date. You can purchase this service credit in monthly increments; however, you must purchase all of this service before you are eligible for retirement benefits.

Service purchase payment options

You can purchase service credit in three ways:

- a lump-sum payment (such as a personal check),
- a rollover of funds from a qualified account (see “Purchasing service with a rollover”), or
- a combination of the two.

Purchasing service with a rollover

A “rollover” is the transfer of money from one retirement account to another, such as using money from your 401(k) to pay for service credit. Because this money is not paid directly to you, it is not taxed at the time of the rollover.

Certain conditions apply to your eligibility to roll over money to purchase service, and ERS must approve the rollover. However, rollovers can be made from a variety of plans, including (but not limited to):

- Texa\$aver 401(k) or 457,
- defined benefit retirement plans such as 401(a), excluding your ERS retirement account,
- defined contribution retirement plans such as 401(k), 403(b) and 457,

Purchase through eligible rollover distribution (ERD)

You may use all or part of an eligible rollover distribution (ERD) from a qualified plan or conduit IRA to purchase service credit. ERS must pre-approve your use of an ERD. An ERD is the taxable portion of a distribution from

a qualified plan. The plan administrator for the distributing plan can confirm that the plan is qualified and that the distribution is an ERD. Strict conditions apply to your eligibility to roll over a distribution to purchase service. You should consult a tax advisor or the Internal Revenue Service (IRS) about the tax consequences of an ERD.

The Proportionate Retirement Program is designed to provide benefits to members with service credit in more than one system.

Other retirement systems

Years of service credit in any one of the other nine retirement systems in Texas cannot be transferred into JRS 2. However, the systems administer the Proportionate Retirement Program to provide benefits to members who have service credit in more than one system. Besides JRS 2, other participating systems are:

- City of Austin Police Retirement System
- City of Austin Retirement System
- El Paso City Employees' Pension Fund
- El Paso Firemen & Policemen's Pension Fund
- Employees Retirement System of Texas
- Judicial Retirement System of Texas Plan 1
- Teacher Retirement System of Texas
- Texas County and District Retirement System
- Texas Municipal Retirement System

If you have money in an account in more than one system, you may be eligible for a service retirement annuity, if the combined total of all your years of service credit satisfies the minimum length-of-service requirement for the systems from which you are retiring. You are not required to retire simultaneously from all systems for which you are eligible.

Under the Proportionate Retirement Program, military service credit established in more than one system for the same period of active military duty will be credited in only one system. If you qualify for proportionate retirement, you will receive a monthly annuity from each system based on service established in that system.

To protect your rights under this program, if you have service credit established in more than one system, each one should receive notice from you listing all the systems in which you have an account.

Your annuity options and federal income tax

At retirement, you will select a standard annuity or one of five survivor options that may provide a monthly benefit after your death. Spousal consent will be required if you select the standard annuity, Option 3 or 4, or choose someone other than your spouse for options 1, 2 or 5.

You can choose a standard annuity or one of five survivor annuity options.

Survivor options

If you select Option 1, 2 or 5, you must designate a specific individual. The reduction from the standard annuity amount is calculated on the basis of the age difference in years of your age and the age of your beneficiary at retirement. If your beneficiary precedes you in death, then your monthly annuity check returns to the standard annuity amount.

If you select Option 3 or 4, you can change your beneficiary after retirement. The reduction from your standard annuity amount for these options is typically a flat reduction based on your age at retirement.

Survivor option reduction factor tables are used when a retiring employee chooses a survivor option to continue payments to a beneficiary after his or her death. Some of these factors are based on the employee's age at retirement and the beneficiary's age. For more information on the reduction factors that would apply to you and your beneficiary, contact ERS Customer Service toll-free at (877) 275-4377.

Federal income tax on annuity payments

When you retire, ERS will provide full and current information on the tax status of your monthly annuity. Federal income tax laws are subject to change at any time; however, the following is a summary of current tax provisions relating to annuity payments:

The retiree's nontaxable contributions to JRS 2 are recovered tax-free on a prorated basis and not in full at the beginning. Therefore, a portion of your annuity payment will be taxable immediately and a portion will be excluded from tax. In general, the non-taxable part is the prorated return of your contributions. At the time the tax-free portion of your annuity payments equals the total of your contributions, your entire annuity payment will be taxable. Federal law requires ERS to deduct federal income tax on the taxable portion of annuity payments unless the member elects not to have tax deducted.

Monthly Payment Options

Option	Retiree Payment	Survivor Payment
Standard annuity	The highest monthly payment paid to you for life.	No monthly survivor payment. If there is money left in your account after your death, your survivor receives a one-time payment.
Option 1	A lower monthly payment paid to you for life.	After your death, your survivor gets 100% of your monthly payment for life.*
Option 2	A lower monthly payment paid to you for life.	After your death, your survivor gets 50% of your monthly payment for life.
Option 3	A lower monthly payment paid to you for life.	If you die before you receive 60 monthly payments, your survivor gets the rest of the 60 monthly payments. Then the monthly payment stops.
Option 4	A lower monthly payment paid to you for life.	If you die before you receive 120 monthly payments, your survivor gets the rest of the 120 monthly payments. Then the monthly payment stops.
Option 5	A lower monthly payment paid to you for life.	After your death, your survivor gets 75% of your monthly payment for life.*

*If your survivor is not a spouse or is younger than you, the percentage he or she receives may be less.

Service retirement

Your base unreduced Service Retirement Annuity (SRA) will be 50% of the state salary paid to a judge of the last court on which you held judicial office based on Tex Gov't Code Section 839.102. This means the salary is determined by your last classification while holding judicial office and the number of years of contributing JRS 2 service credit on your last day of employment. This is increased by 10% if you have not been out of office for

more than one year at retirement or if you have accepted an assignment as visiting judge within a year of your effective date of retirement. Monthly retirement annuities are adjusted through legislation. The SRA of a member who elects to make contributions after 20 years of service or after reaching the Rule of 70 with 12 years on an appellate court would be based on 50% of the state salary plus 2.3% for each subsequent year, not to exceed 90%.

Sample annuity calculations

Example 1 (40%)

Porter serves on the district bench from age 35 through age 47 earning 12 years of service credit. At the end of the third term, he decides to enter private law practice at age 47. Porter retires when he reaches age 60. The calculation would be as follows:

Monthly Salary	X	Percentage*	=	Standard Annuity
\$14,000.00		x 40%		\$5,600.00

Example 2 (50%)

Charlotte serves on the district bench from age 50 until age 60 earning 10 years of service credit. She decides to immediately retire at that time. The calculation would be as follows:

Monthly Salary	X	Percentage*	=	Standard Annuity
\$14,000.00		x 50%		\$7,000.00

Example 3 (60%)

Richard serves on the district bench from age 57 until age 65 earning 8 years of service credit. He decides to purchase two years of military service and retire immediately. The calculation would be as follows:

Monthly Salary	X	Percentage*	=	Standard Annuity
\$12,833.33		x 60%		\$7,700.00

Example 4 (60%)

Todd serves on a district bench from age 35 until age 55 earning 20 years of service credit. He decides to immediately retire.

Monthly Salary	X	Percentage*	=	Standard Annuity
\$14,000.00		x 60%		\$8,400.00

Example 5 (90%)

Savannah serves on a district bench from age 30 until age 50 and elects to continue making contributions after obtaining 20 years of service credit. She decides to retire at age 63 with 33 years of service credit. The calculation would be as follows:

Monthly Salary	X	Percentage*	=	Standard Annuity
\$14,000.00		x 90%		\$12,600.00

*The retirement system shall increase by 10% of the amount of the applicable state salary under the annuity of a member (not to exceed 90%), who on the effective day of retirement has not been out of judicial office for more than one year, or has served as a visiting judge in this state and the first anniversary of the last day of that service has not occurred.

Disability retirement

Regardless of your age, you are eligible to apply for a disability retirement annuity if you have seven years of service credit in JRS 2.

When applying for a disability retirement, you must submit supporting documentation from at least one licensed physician and objective medical evidence that supports your claim. (Documentation requirements vary, depending on the disabling condition.) Your application will be referred to the ERS medical board for its recommendation, and additional information may be required.

The ERS medical board must certify that your disability is likely to be permanent and prevents you from continuing

your current state employment with a reasonable accommodation or any other occupation offering comparable pay. It may be denied for a condition caused by the excessive use of alcohol or narcotic drugs. If approved, you may be required to undergo a reevaluation to determine you are still eligible for the benefit.

A disability annuity is calculated similar to a service retirement, and you will receive it for the duration of your lifetime as long as you remain disabled. If you have chosen one of the optional retirement plans, your beneficiaries or estate will receive your benefits under the plan chosen should you die while receiving disability retirement benefits.

Retiree insurance coverage

When you retire, you and your eligible dependents are eligible to enroll in health insurance through the Texas Employees Group Benefits Program (GBP), including available health maintenance organizations (HMOs). You are also eligible to enroll in dental or vision coverage offered through the GBP.

As a retiree, you can enroll in most of the same health plans as actively employed members, and receive the same state contributions toward your premiums (100% for retiree coverage and 50% of the premium for dependent coverage). If you retire directly from state service, you may continue your Optional Term Life Insurance, up to two times your annual salary, or you may enroll in the \$10,000 Retiree Fixed Optional Life Insurance plan.

If you are not enrolled in Optional Term Life Insurance at the time of retirement, you may apply for a \$10,000 Retiree Fixed Optional Life plan, but will have to go through evidence of insurability and approval is not guaranteed. If you have Dependent Term Life Insurance elected at the time of retirement, you can continue that coverage; however, the coverage level reduces to \$2,500. Retiree health premiums include \$2,500 of Basic Term Life Insurance for the retiree only. Optional Term Life election 1 or 2, Retiree Fixed Optional Life and Dependent Term Life insurance are the only optional life insurance coverages available to retirees.

When you turn age 65, or if you are certified as disabled by the Social Security Administration (SSA), you become Medicare-eligible. It is up to YOU to enroll in Medicare Part A and Part B. Enroll up to 90 days before your 65th birthday or when you are certified as disabled by SSA. Once you are enrolled in Part A and Part B of Medicare and have your Medicare number, please contact ERS at (877) 275-4377 and provide your Medicare information.

If you are currently working for a state agency or higher education institution and are Medicare-eligible, you do not need to sign up for Part B until you are no longer working. Remember to apply for Medicare Part B no more than 90 days before you stop working and contact ERS at (877) 275-4377 to provide your Medicare information.

In the event of your death after retirement, your spouse and eligible dependent children may enroll in GBP health, dental and vision coverage as survivors, provided the required premiums are paid and any dependency requirements continue to be met. Eligible survivors have 30 days to enroll, and children may enroll regardless of whether the spouse continues coverage. The state makes no contribution toward the cost of surviving dependent coverage. This entire premium is the responsibility of the covered dependent.

This guide highlights benefits that are effective at the time of publication. Health and other insurance benefits for employees and retirees are subject to change based on available state funding. The Texas Legislature determines the level of funding for such benefits with no obligation to provide these benefits beyond each fiscal year.

Other benefits

Death benefits

If you are an active contributing member to JRS 2 with at least 10 years of service credit, you may select a death benefit annuity, which will be payable beginning on the day after your death, in the event you die before retirement. You have two choices of reduced annuities. After your death:

- the reduced annuity is paid in the same amount throughout the life of one beneficiary chosen by you before your retirement (Retirement Option 1) or
- 120 monthly reduced annuity payments will be paid to one or more beneficiaries selected by you (Retirement Option 4).

Lifetime death benefit annuity payments are determined by the option selected, your age and the age of the person named as your beneficiary at the time of your death.

If you die before making a selection, your spouse if surviving, or the personal representative of your estate may make the selections with the same options that were available to you.

The death benefit plan you select will take effect at your death unless you amend the plan, select a retirement annuity at your retirement or become ineligible to select a plan.

If you are not eligible to select a death benefit annuity and you die before your retirement, all of your accumulated contributions to the retirement system are payable as a lump sum death benefit to your selected beneficiary or to your estate.

Also available for those contributing members not eligible to select a death benefit annuity is a lump sum payment computed by multiplying your full years of service credit at the time of your death by 5% of your total contributions.

Example:

An active judge with seven years and six months of service credit dies. His account balance is \$39,355.

Refund Account Balance = \$39,355.00

Additional Benefit (\$39,355 x 35%) = \$13,774.25

Total Benefit = \$53,129.25

Lump-sum death benefit

If you are retired at the time of your death, a lump-sum death benefit in the amount of \$5,000 will be paid to your selected beneficiary or estate.

This payment is in addition to any other survivor benefit. If you retire under the Proportionate Retirement Program with less than the total years of service credit required for a service retirement from JRS 2, the payment is reduced accordingly.

How to apply for retirement and other important information

Applying for retirement

You must notify ERS not more than 90 days before the date you want to retire. Retirement may commence on any day of the month. When you call, please have the following information available:

- retirement payment option,
- beneficiary information (including Social Security numbers and dates of birth),
- direct deposit information (routing and account number) and
- federal tax withholding.

Additional information you need to know:

- Proof of age is required for you regardless of the option you select. Proof of age is required for your beneficiary if you select Option 1, 2 or 5.
- **Valid proof of age documents include:** copy of a birth certificate, passport, baptismal record, bible record or school record. If your name has changed or does not match the document, you must also send a copy of your valid state driver's license.

Account withdrawal

Judicial officers are not required to withdraw their retirement contributions when they leave the bench. If you have 12 or more years of service credit, you are entitled to receive a monthly annuity upon reaching retirement age.

Current law provides you this “vested” right to retirement benefits if you do not withdraw your contributions, even though you leave the bench and cease contributing. You do not have to be an active judicial officer at the time of retirement.

When you leave the bench, you may withdraw all of the money in your JRS 2 account, but by doing this you cancel your service credit in the system, which, in turn, terminates your rights to JRS 2 benefits. If you return to the bench and decide to retire, you must purchase all withdrawn service before you are eligible to retire. To withdraw your JRS 2 account, contact ERS.

Resumption of service

If you retire and then resume state elected or appointed judicial service, you may not rejoin and contribute to JRS 2. Your annuity payments will be suspended until you leave office and reapply to ERS for payment resumption. It is your responsibility to notify ERS of your return to judicial service. The suspension of your annuity begins on the day you take the oath of office but does not apply if you take assignments as a visiting judge after retirement. Your monthly annuity payment will be prorated for the month you take the oath of office and the month you leave the bench.

For more information

You may write, call or visit ERS for more detailed information on retirement and JRS Plan 2. To assist ERS in responding to your requests, please provide your name as it appears on your court payroll records and the last four digits of your Social Security number. If you wish to visit ERS in person, please call in advance to schedule an appointment. Your call will allow the Customer Benefits staff to review your file prior to your arrival and reduce the waiting time during your visit. ERS is open from 8 a.m. until 5 p.m. CT, Monday through Friday, except on holidays.

Retirement records of members and beneficiaries are confidential. ERS will not release certain information about your account without your written authorization.

Requesting more information

ERS services:

- Pre-retirement counseling
 - Benefits estimates
 - Annuity processing
 - Benefits payments

To visit in person, call to schedule an appointment:

Employees Retirement System of Texas
200 E. 18th Street
Austin, Texas 78701

(Free parking is available in front of the ERS entrance, parallel to 18th St.)

Write:

Employees Retirement System of Texas
Customer Benefits Division
P. O. Box 13207
Austin, Texas 78711-3207

Call:

Toll-free (877) 275-4377

Our website:

www.ers.texas.gov



Customer Benefits Division
P. O. Box 13207 • Austin, Texas 78711-3207
Toll-free (877) 275-4377
www.ers.texas.gov