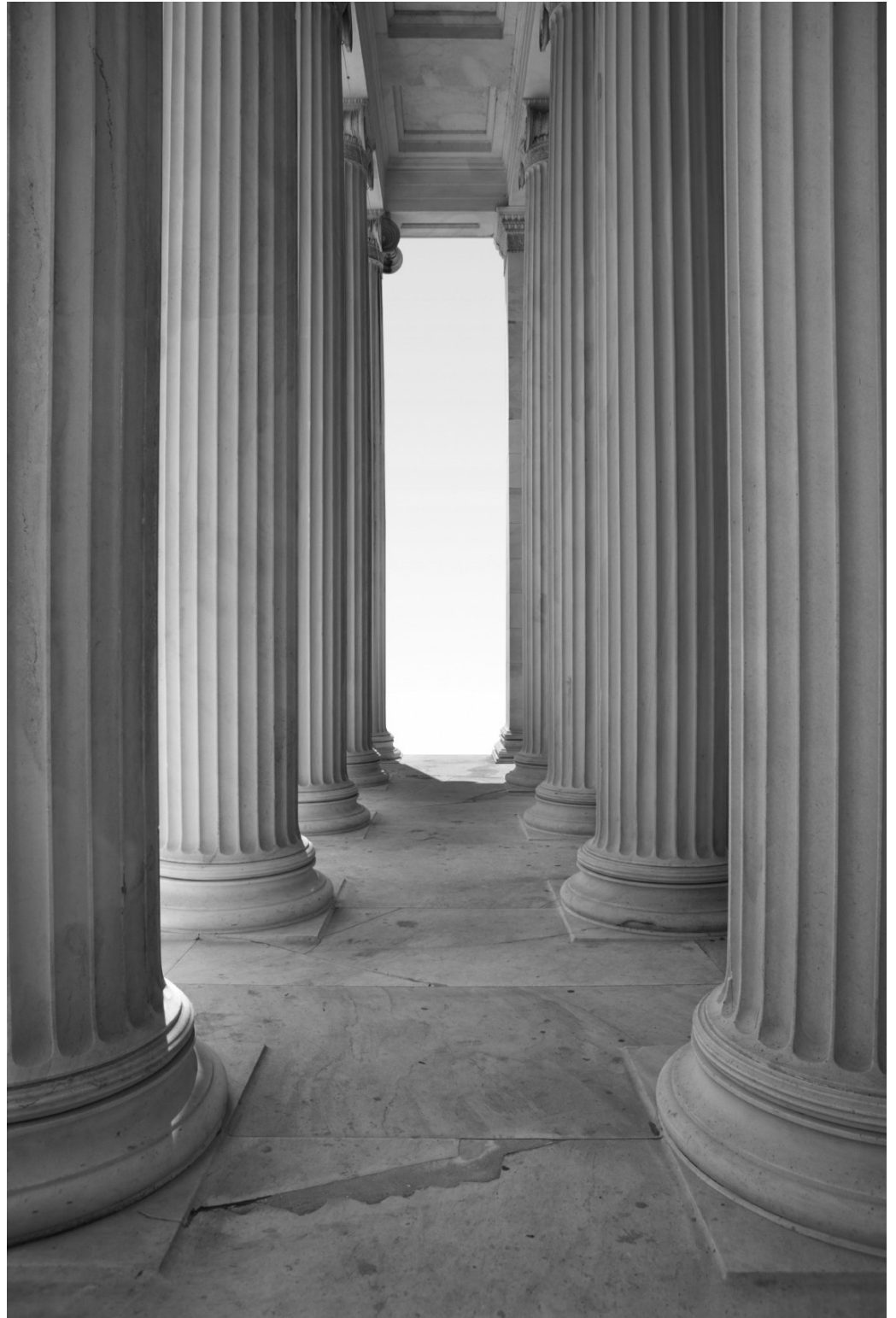


Retirement Benefits for Judicial Officers



as administered by

ERS

EMPLOYEES RETIREMENT
SYSTEM OF TEXAS

September 2011

JRS Plan II

Retirement Benefits for Judicial Officers in JRS-II

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



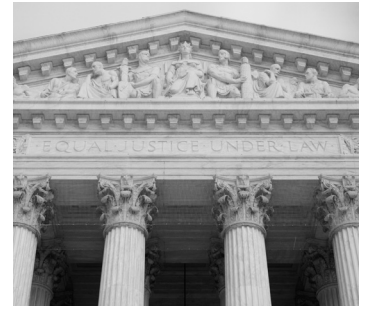
Customer Benefits Division
P. O. Box 13207
Austin, Texas 78711-3207

In Austin (512) 867-7711, ext. 7115 or 7387
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www.ers.state.tx.us

September 2011

Retirement benefits for members of JRS-II



Retirement Benefits for Judicial Officers JRS Plan II

If you became a judge, justice, or commissioner of the Supreme Court, Court of Criminal Appeals, Court of Appeals, District Court or specified commissions to a court after August 31, 1985, you are required to be a member of and contribute to the JRS-II. Membership begins the first day you hold office and terminates upon your death, retirement, or withdrawal of your contributions.

If you have ever been a member of the Judicial Retirement System Plan I (JRS-I), you may not join JRS-II. 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-II. This will cancel your service credit in JRS-II. If you have not withdrawn funds, you may resume contributions when you resume state elected or appointed judicial service.

Each month, 6% of your gross salary will be deducted as your contribution to JRS-II and credited to your individual retirement account. In addition, the State contributes an amount necessary to finance the system.

A member of JRS-II who accrues 20 years of service credit in the retirement system may elect to continue 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 contributions.

Resumption of service

If you retire and then resume state elected or appointed judicial service, you may not rejoin and again contribute to JRS-II. 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. Suspension of the annuity payment, which begins on the day you take the oath of office, will not reduce the number of months annuity payments are scheduled under an optional retirement benefit plan you have chosen. The suspension of your annuity does not apply if you take assignments as a visiting judge after retirement.

Retirement eligibility

You become eligible to receive a service retirement annuity in three ways:

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

If you became a judge, justice, or commissioner of the Supreme Court, Court of Criminal Appeals, District Court or specified commissions to a court after August 31, 1985, you are required to hold membership in JRS-II.

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, whether or not you hold a judicial office.

Retirement benefits

There are three types of retirement benefits under JRS-II: service retirement benefits, disability retirement benefits, and death benefits. A member who is impeached or removed from office for official misconduct may not receive benefit payments.



Retirement eligibility and benefits

Retirement Benefits for Judicial Officers JRS Plan II

Service retirement

Your base Service Retirement Annuity (SRA) will be 50% of the state salary being paid for a judge of a court of the same classification as the last court on which you were elected or appointed. 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 a 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%.

Disability retirement

Regardless of your age, you are eligible to retire and receive a disability retirement annuity if you have seven years of service credit in JRS-II. Your disability must be certified as mentally or physically incapacitating by the Chief Justice of the Supreme Court and the ERS medical board. It may be denied for a condition caused by the excessive use of alcohol or narcotic drugs. When applying for a disability retirement, you must submit two opinions by licensed physicians supporting your claims to ERS and the Chief Justice of the Supreme Court. Your application will be referred to the ERS medical board for its recommendations, and it may require that you submit additional information. The Chief Justice may also appoint a licensed physician or direct the ERS

medical board to ask for more information from you in order to make recommendations.

A disability annuity cannot be reduced because of age, and you will receive it for the duration of your disability. 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.

Death benefits

If you are an active contributing member to JRS-II with at least 10 years service credit, you may select one or more persons to receive 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 the 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.

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.

Example:

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

Refund Account Balance =
\$39,355.00

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

Total Benefit = **\$53,129.25**

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 and has no continuing obligation to provide those benefits beyond each fiscal year.



Retirement Benefits for Judicial Officers JRS Plan II

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-II, the payment is reduced accordingly.

A lump sum payment will be paid to a retiree's beneficiary or estate in certain situations where the full amount of the retiree's contributions have not been paid in benefits before the retiree's death. This law affects those retirees who have chosen the standard annuity, but does not apply to Options 3 and 4.

Retiree insurance coverage

When you retire, you and your spouse are eligible to enroll in the Texas Employees Group Benefits Program (GBP), including available health maintenance organizations (HMOs). You also qualify for dental coverage with either of the State's two dental plans. Your children under age 26 and/or handicapped children of any age may be eligible for health insurance coverage. Unmarried children under age 26 can be enrolled in dental insurance.

Retired and active judges are covered by the same health plans and receive the same state contributions toward premium costs (100% for retiree and part of the premium for dependent coverage). Active judges who go directly to retirement status may keep a portion of their optional term life insurance and, if they have dependent term life in force at that time, may keep a portion of that coverage. Retiree health premiums include \$2,500

of basic term life for the retiree only. Optional term life and dependent term life insurance are the only optional life insurance coverage available to retirees.

When a retiree with 10 or more years of service credit dies, the retiree's spouse, eligible children under age 26, and any currently covered eligible handicapped children of any age may enroll in GBP health coverage and dental coverage (unmarried children only) as a survivor 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 premium is the total responsibility of the covered dependent.

Exemption from forced payment of debts

All retirement annuity payments, optional benefit payments, member contributions, and money in the various retirement funds are exempt from garnishment, assignment, attachment, or any other legal process except child support payments as required by a court order or, in certain limited circumstances, a federal tax levy.

Federal income tax on annuity payments

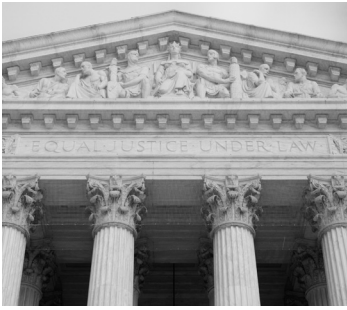
When you retire, ERS will provide full and current information on the tax status of your monthly annuity. Federal income tax laws are subject to change at any time; however, the following is

a summary of current tax provisions relating to annuity payments:

The retiree's nontaxable contributions to JRS-II 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.

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-II. For information regarding your Social Security benefits, you should contact your nearest Social Security office.



Earning service credit

Retirement Benefits for Judicial Officers JRS Plan II

Establishing additional service credit

You may receive additional service credit by purchasing past active military service, through buying previously withdrawn judicial service (if you retire under JRS-II, you must purchase JRS-II withdrawn service), or Additional Service Credit.

Additional Service Credit

Members of JRS-II are eligible to purchase Additional Service Credit (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-II membership service (not counting military service) to be eligible for this option. The service must be purchased in increments of at least one year, except JRS-II members at retirement may purchase the necessary months of time to enable them to retire. Additional conditions and restrictions may be applicable.

You may purchase ASC by lump sum or by using funds in your Texa\$aver 401(k) or 457 Plan. Monthly payroll deductions are not permitted.

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-II and are not eligible to receive federal retirement payments for 20 or more years of active military service. You may buy service credit in JRS-II by contributing 6% of your current monthly state salary for each month of active military service claimed. 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 contributing 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.

You may establish service credit under this section by depositing with the retirement system a contribution computed for each month of credit claimed at the rate of 6% of your current monthly salary, plus, if you do not establish credit before the first anniversary of the date of first eligibility, interest computed on the basis of the state fiscal year at an annual rate of 10% from the date of first eligibility to the date of deposit.

You may purchase military, previously withdrawn judicial service, calendar year service, or Additional Service Credit.

You may purchase service credit in three ways:

1. A one-time lump sum payment for the total period purchased.
2. A lump sum payment of the total amount due for increments (in months) of credit available to you.
3. Rollover (transfer) of money from one retirement account to another, e.g., using money from your 401(k) to pay for service credit.

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 IRS about the tax consequences of an ERD.

Contact ERS to request service purchase cost information. ERS will send you a cost estimate detailing each purchase plan available to you.

Earning service credit



Retirement Benefits for Judicial Officers JRS Plan II

Other retirement systems

Years of service credit in any one of the other 10 retirement systems in Texas cannot be transferred into JRS-II. However, the systems administer the Proportionate Retirement Program to provide benefits to members who have service credit in more than one system. Besides JRS-II, other participating systems are:

- Central Texas Community Health Centers - service must be certified by City of Austin Retirement System
- 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 I
- 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 written notice from you listing all the systems in which you have an account.

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



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

Your annuity options

Retirement Benefits for Judicial Officers JRS Plan II

At retirement, you will select a standard annuity or one of five survivor options that may provide a monthly benefit after your death to the beneficiary named by you. **The decision you make in choosing an option is an important one and cannot be changed after retirement.** Spousal consent will be required if you select the standard annuity or Option 3 or 4.

Survivor option reduction factor tables are used when retiring employees choose a survivor option to continue payments to a beneficiary after their 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 at (512) 867-7711 in Austin or (877) 275-4377 toll-free.

Other features

A lump sum payment will be paid to a retiree's beneficiary or estate in certain situations where the full amount of the retiree's contributions have not been paid in benefits. This law affects only those retirees who have chosen the standard annuity.

If you select Option 1, 2, or 5 and your beneficiary precedes you in death, then your monthly annuity check returns to the standard annuity amount.

If you select Option 1, 2, or 5, you **cannot** change your beneficiary after the effective date of retirement. You must designate a specific individual under these options, and the reduction from the standard annuity amount is calculated on the basis of the age difference in years of your age at retirement and the age of your beneficiary at that time.

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 calculated on actuarial reduction factors, regardless of your age at retirement.

Monthly Payment Options		
Option	Retiree Payment	Survivor Payment
Standard annuity	This is 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	This is a lower monthly payment paid to you for life.	After your death, your survivor gets 100% of your monthly payment for life.*
Option 2	This is a lower monthly payment paid to you for life.	After your death, your survivor gets 50% of your monthly payment for life.
Option 3	This is a lower monthly payment paid to you for life.	If you die before you get 60 monthly payments, your survivor gets the rest of the 60 monthly payments. Then the monthly payment stops.
Option 4	This is a lower monthly payment paid to you for life.	If you die before you get 120 monthly payments, your survivor gets the rest of the 120 monthly payments. Then the monthly payment stops.
Option 5	This is 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 yourself, the percentage he or she receives may be less.

Sample annuity calculations



Retirement Benefits for Judicial Officers JRS Plan II

Example I (40%)

An individual serves on the district bench from age 35 through age 47. At the end of the third term, the individual decides to enter private law practice and draw benefits upon becoming eligible at age 60. The calculation would be as follows:

- **Service** – if an individual has been off the bench more than one year, a minimum of 12 or more years is necessary for retirement. (Military credit is applicable once a member has at least eight years on the bench.)
- **Age** – a member may retire as early as age 60 with reduced benefits or wait until age 65 for full benefits.

Sample Calculation –

Percentage applicable at age 60 = 40%

Monthly Salary	x Percentage	= Standard Annuity
\$10,416.67	x 40%	= \$4,166.67

Example II (50%)

An individual serves on the district bench from age 50 until age 60 and immediately retires. The calculation would be as follows:

- **Service** – 10 years and currently holding a judicial office. (Military credit is applicable once a member has at least eight years on the bench.)
- **Age** – a member may retire as early as age 60 with reduced benefits.

Sample Calculation –

Percentage applicable at age 60 = 40%
plus
Bonus* for retiring immediately upon leaving the bench + 10% = 50%

Monthly Salary	x Percentage	= Standard Annuity
\$10,416.67	x 50%	= \$5,208.34

Example III (60%)

An individual serves on the district bench from age 55 until age 65. He then retires immediately. The calculation would be as follows:

- **Service** – 10 years and currently holds a judicial office. (Military credit is applicable once a member has at least eight years on the bench.)
- **Age** – a member may retire with full benefits at age 65.

Sample Calculation –

Percentage applicable at age 65 = 50%
plus
Bonus* for retiring immediately upon becoming eligible + 10% = 60%

Monthly Salary	x Percentage	= Standard Annuity
\$10,416.67	x 60%	= \$6,250.00

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%

Example IV (90%)

An individual who elects to make contributions after obtaining 20 years of service credit would be based on 50% of the state salary plus 2.3% for each subsequent year not to exceed 90%. The calculation would be as follows:

- **Service** – 20 years and currently holds a judicial office. (Military credit is applicable once a member has at least eight years on the bench.)
- **Age** – a member may retire with full benefits at any age.

Sample Calculation –

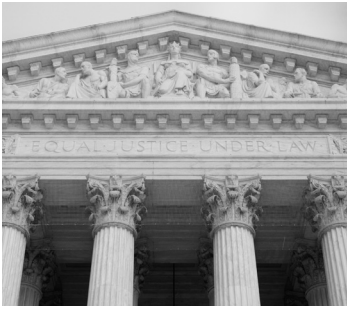
Percentage applicable at any age = 50%
plus
Bonus* for retiring immediately upon becoming eligible + 10% = 60%
plus

An additional 2.3% for each subsequent year after obtaining 20 years service credit. For the purpose of this calculation, let's assume member works an additional 13 years x 2.3% = 30%

Monthly Salary	x Percentage	= Standard Annuity
\$10,416.67	x 90%	= \$9,375.00

***The retirement system shall increase by 10% of the amount of the applicable state salary under the annuity of a member 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.



How to apply for retirement

Retirement Benefits for Judicial Officers JRS Plan II

You must notify ERS not more than 90 days before the date you want to retire. Your request must be received before the last day of the month in which you plan to retire. Retirement may commence on any day of the month. ERS will need the following from you to complete the retirement process:

- your name and Social Security number;
- your mailing address;
- a telephone number where you may be contacted between 8 a.m. and 5 p.m. weekdays;
- the effective date of your retirement;
- a copy of your birth certificate; and
- a copy of your beneficiary's birth certificate if you plan to retire under Option 1, 2 or 5.

Applying for your contribution refunds

Terminating judicial officers are not required to withdraw their retirement contributions. 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.

Account withdrawal

If you leave judicial service, you may withdraw all of the money in your JRS-II account, but by doing this you cancel your service credit in the system, which, in turn, terminates your rights to JRS-II benefits. In order to withdraw from your JRS-II account, contact ERS Customer Service.

ERS is here for you Annual Statement of Benefits

ERS will send you a Statement of Retirement Benefits near the month following your birthday, around the same time you receive your summary of Social Security benefits from the Social Security Administration. You can use the two statements together to get a complete picture of your retirement benefits. The Statement of Retirement Benefits provides you important retirement planning information, including benefit estimates and vesting information.

For more information

You may write, call, or visit ERS for more detailed information on retirement and on the JRS Plan II Program. To assist ERS in responding to your requests, please provide your name as it appears on your court payroll records and your Social Security number. If you wish to visit ERS in person, please call in advance to schedule an appointment. Your call will permit 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., 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,
 - Benefit estimates,
 - Annuity processing and
 - Benefit payments.

To visit in person:

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.)

To write:

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

To call:

In Austin (512) 867-7711, ext. 7387
(877) 275-4377, toll-free, ext. 7387

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