

Bond Case Briefs

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PENSIONS - TEXAS

Degan v. Board of Trustees of Dallas Police and Fire Pension System

United States Court of Appeals, Fifth Circuit - April 27, 2020 - F.3d - 2020 WL 1982244

Beneficiaries of city pension fund for police and firefighters brought action against pension system's board of trustees, alleging that changes to pension fund violated United States and Texas Constitutions.

The United States District Court for the Northern District of Texas dismissed the action. Beneficiaries appealed.

The Court of Appeals held that:

- Removal of single lump-sum distribution option did not support Fifth Amendment takings claim, and
- Restriction on pension fund which removed single lump-sum distribution option could not support regulatory takings claim.

Beneficiaries of city pension fund for police and firefighters lacked protected property interest, under Texas law, in method of withdrawal from the fund, and thus, removal by board of trustees for pension fund of single lump-sum distribution option did not support per se Fifth Amendment takings claim by beneficiaries.

Restriction on city pension fund for police and firefighters which removed single lump-sum distribution option could not support beneficiaries' Fifth Amendment regulatory takings claim, where beneficiaries would continue to receive benefits from the fund in the form of annuity payments, and purpose of removal of lump-sum option was to protect pension fund.