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Legislature maintains existing retirement benefits for current employees

In order to enhance the long term viability of the pension program serving state employees, the 83rd Texas Legislature has adopted several measures intended to decrease the unfunded liability of the Employees Retirement System's (ERS) retirement trust funds. Click on this link to review a summary of the retirement changes included in Senate Bill 1459.

Although preliminary versions of the legislation would have made significant changes in the retirement benefits for many current employees, the authors of the bill were sensitive to the concerns of the state's workforce. They revised the legislation to exempt current employees from changes in retirement benefits, and exempted most current employees from changes in the state's contributions for retiree health insurance.

Increased retirement contributions from the state and its employees, as well as a new assessment paid by state agencies, will provide the funding necessary to help maintain existing retirement benefits for current employees. State employees will eventually see their required retirement contribution increase by 1 percent, but the increase will be gradually phased in over the next four fiscal years. The increase in fiscal year (FY) 2014 (beginning September 1, 2013) will be one-tenth of 1 percent.

Any new employees hired on or after September 1, 2013, will be subject to the new retirement provisions. Current staff that leave state employment and subsequently return to work, or former employees returning to work, will be governed by the retirement provisions in place at time of their first hire, *unless they withdraw or have withdrawn their retirement contributions.*

According to Human Resources Division Director Jan Thornton, the retirement benefits for employees hired on or after September 1, 2013 will remain very competitive with those

Attention current and former employees who have withdrawn, or are contemplating withdrawal of their retirement contributions:

Employees hired on or after September 1, 2013, to include current and former employees returning to state employment who have withdrawn their retirement funds, will be subject to the new requirements for retirement. For current employees contemplating departure from state employment and withdrawing retirement contributions, it is important to consider how that decision may affect your future retirement benefits should you wish to return to work.

Likewise, former employees who have withdrawn their contributions and are now contemplating a return to state employment should consider how returning to work on, before or after September 1, 2013, will affect future retirement benefits.

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offered by other employers, and should continue to be an asset in recruiting.

"With more and more employers offering defined contribution benefit plans, which makes future benefits harder to predict, continuing to provide a defined benefit retirement plan will be something our recruiters continue to emphasize," said Thornton.

Texas Department of Criminal Justice (TDCJ) Executive Director Brad Livingston acknowledged that some changes were necessary to ensure the retirement fund remained fiscally sound in the long term, but thanked legislators for making the retirement benefit changes apply prospectively.

"Had the retirement bill not been amended, many current TDCJ employees would have been required to work years longer in order to receive full retirement benefits," said Livingston. "Changing the rules so dramatically for employees with many years of service would have been unfair, and I deeply appreciate Senator Duncan, Representative Callegari, the governor, the state's legislative leadership and all the members of the Texas Legislature for making the retirement benefit changes apply only to those hired on or after September 1, 2013."●