

House Bill 957
Senate Amendments
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subchapter C, Chapter 609, Government Code, is amended by adding Section 609.5025 to read as follows:

Sec. 609.5025. AUTOMATIC PARTICIPATION; DEFAULT INVESTMENT PRODUCT. (a) This section applies only to an employee of a state agency participating in a 401(k) plan.

(b) An employee participates in a 401(k) plan unless the employee affirmatively elects not to participate in the plan. Notwithstanding Sections 609.007(b) and (c), an employee is not required to affirmatively contract for and consent to participation in a plan under this section.

(c) An employee participating in a 401(k) plan under this section makes a contribution of one percent of the compensation earned by the employee to a default investment product selected by the board of trustees based on the criteria established under Section 609.505(d) and the rules adopted under Subsection (f).

The contribution is made by automatic payroll deduction.

(d) At any time, an employee participating in a 401(k) plan under this section may, in accordance with rules adopted by the board of trustees, elect to end participation in the 401(k) plan, to contribute to a different investment product, or to contribute a different amount to the plan.

(e) The board of trustees shall ensure that, at the time of employment, each employee is informed of:

(1) the elections the employee may make under this section; and

(2) the responsibilities of the employee under Section

SENATE VERSION

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(c) An employee participating in a 401(k) plan under this section makes a contribution of one percent of the compensation earned by the employee to a default investment product selected by the board of trustees based on the criteria established under Section 609.505(d) and the rules adopted under Subsection (f).

The contribution is made by automatic payroll deduction.

(d) At any time, an employee participating in a 401(k) plan under this section may, in accordance with rules adopted by the board of trustees, elect to end participation in the 401(k) plan, to contribute to a different investment product, or to contribute a different amount to the plan.

(e) The board of trustees shall ensure that, at the time of employment, each employee is informed of:

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609.010.

(f) The board of trustees shall adopt rules to implement the requirements of this section. The rules must ensure that the operation of the 401(k) plan under this section conforms to the applicable requirements of any federal rule that provides fiduciary relief for investments in qualified default investment alternatives or otherwise governs default investment alternatives under participant-directed individual account plans.

(g) The amount deducted under this section from an employee's compensation is not deducted for payment of a debt and the automatic payroll deduction is not garnishment or assignment of wages.

SECTION 2. Section 609.007(c), Government Code, is amended to read as follows:

(c) Except as provided by Section 609.5025, to [Fø] participate in a deferred compensation plan, an employee must consent in the contract to automatic payroll

SENATE VERSION

609.010.

(f) The board of trustees shall adopt rules to implement the requirements of this section. The rules must ensure that the operation of the 401(k) plan under this section conforms to the applicable requirements of any federal rule that provides fiduciary relief for investments in qualified default investment alternatives or otherwise governs default investment alternatives under participant-directed individual account plans.

(g) The amount deducted under this section from an employee's compensation is not deducted for payment of a debt and the automatic payroll deduction is not garnishment or assignment of wages.

(h) Within existing resources, a state agency participating in a 401(k) plan shall inform new hires of their automatic enrollment in a 401(k) account and their right to opt-out of enrollment. Within existing resources, this information shall be included as part of the new employee orientation process. State agencies participating in a 401(k) plan shall maintain a record of a new hire's acknowledgement of receipt of information regarding the ability to opt-out of enrollment in a 401(k) plan.

Same as House version.

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deductions in an amount equal to the deferred amount.

SECTION 3. Section 659.102(a), Government Code, is amended to read as follows:

(a) An employee of a state agency may authorize in writing a deduction each pay period from the employee's salary or wage payment for coverage of the employee under an eligible supplemental optional benefits program. A deduction may be made each pay period from the employee's salary or wage payment without authorization in writing from the employee for participation in a 401(k) plan as provided by Section 609.5025.

Same as House version.

SECTION 4. Section 609.5025, Government Code, as added by this Act, applies only to an officer or employee of a state agency who initially takes office or begins employment on or after January 1, 2008.

Same as House version.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2007.

Same as House version.