

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 29, 2011

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB3542 by Gonzales, Larry (Relating to a supplemental payment for retirees of the Teacher Retirement System of Texas and the unfunded actuarial liabilities allowed under that system.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>

The bill would authorize the Teacher Retirement System of Texas (TRS) to make one-time supplemental payments, capped at \$2,400, to retirees and beneficiaries as of August 2011 who retired prior to January 1, 2009. The payment would be authorized only if the supplemental payment could be made without causing the system's pension obligations to fall below 80 percent and if investment earnings in the previous year exceeded 8.0 percent by an amount sufficient to fund the payments.

According to the TRS, based on the provisions of the bill, the pension system is not expected to maintain an 80 percent funding level and one-time supplemental payments would not be paid. The bill would take effect on September 1, 2011, or immediately upon passage with the necessary voting margins.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: JOB, AG, JGM, JW