

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 19, 2015

TO: Honorable Dan Flynn, Chair, House Committee on Pensions

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2877** by Stephenson (Relating to peace officers who are members of the Teacher Retirement System of Texas.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would exempt members of the Teacher Retirement System of Texas (TRS), who are employed as peace officers, from certain retirement eligibility standards and benefit provisions that apply to other members of TRS. The bill would provide unreduced retirement eligibility at the Rule of 80 (age plus years of creditable service) with a minimum age of 60 for TRS members that are peace officers who were not vested as of August 31, 2014 or who became new members on or after September 1, 2014. Currently, the same members satisfy the requirements for an unreduced retirement when they meet the Rule of 80 with a minimum age of 62. The bill would take effect on September 1, 2015.

The TRS actuary analyzed the actuarial impact and indicates the bill would result in an increase to the normal cost of the system from 10.43 percent to 10.44 percent; an increase to the unfunded actuarial accrued liability (UAAL) of \$2 million, from \$32,104 million to \$32,106 million; and an increased funding period to amortize the UAAL from 29.3 years to 29.4 years. The actuary adds that since the funding period would not exceed 30 years by one or more years, passage of the bill would be allowable under current statutes.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System

LBB Staff: UP, AG, AM, PFe