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| BILL ANALYSIS |

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| H.B. 1416 |
| By: Stephenson |
| Pensions |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE** Interested parties note that Texas' pre-funded retirement systems have faced many challenges to remaining solvent and contend that current methods used to fund these obligations are no longer viable and increasingly run the risk of betraying the promises made to respective employees. H.B. 1416 seeks to address this issue by authorizing the governing body of a public retirement system to conduct a study to evaluate the cost-effectiveness and feasibility of implementing a pension revenue enhancement strategy to create an additional source of funding for the applicable system. |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY** It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution. |
| **ANALYSIS** H.B. 1416 authorizes the governing body of a public retirement system to conduct a study to evaluate the cost-effectiveness and feasibility of implementing a pension revenue enhancement strategy to create an additional source of funding to address potential deficiencies in funding the retirement system's liabilities. The bill defines "pension revenue enhancement strategy" as a strategy by which a public retirement system obtains a life insurance policy for each employee participating in the retirement system, with the employee's consent, held in a separate trust for the benefit of the retirement system and under which, on the death of the employee, the proceeds of the life insurance policy would be payable to the public retirement system and added to the retirement system's assets.H.B. 1416 requires the governing body of a public retirement system that completes such a study to submit a written report not later than September 1, 2018, to the legislature and the standing committees of the house of representatives and senate that have primary jurisdiction over state pension systems containing the findings of the study together with the governing body's recommendations regarding the cost-effectiveness and feasibility of implementing a pension revenue enhancement strategy. The bill's provisions expire December 31, 2018. |
| **EFFECTIVE DATE** September 1, 2017. |