

By: Cortez

H.B. No. 2414

A BILL TO BE ENTITLED

AN ACT

relating to participation by certain state employees in a default investment product under a deferred compensation plan.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 609.007(c), Government Code, is amended to read as follows:

(c) To [~~Except as provided by Section 609.5025, to~~] participate in a deferred compensation plan, an employee must consent in the contract to automatic payroll deductions in an amount equal to the deferred amount.

SECTION 2. The heading to Section 609.5025, Government Code, is amended to read as follows:

Sec. 609.5025. VOLUNTARY [~~AUTOMATIC~~] PARTICIPATION; PROVISION OF INFORMATION [~~DEFAULT INVESTMENT PRODUCT~~].

SECTION 3. Sections 609.5025(b) and (h), Government Code, are amended to read as follows:

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

(h) Within existing resources, a state agency participating in a 401(k) plan shall inform new hires of their option to enroll

1 ~~[automatic enrollment]~~ in a 401(k) account and their right to
2 opt-out of enrollment. Within existing resources, this information
3 shall be included as part of the new employee orientation process.
4 ~~[State agencies participating in a 401(k) plan shall maintain a~~
5 ~~record of a new hire's acknowledgement of receipt of information~~
6 ~~regarding the ability to opt-out of enrollment in a 401(k) plan.]~~

7 SECTION 4. Section 659.102(a), Government Code, is amended
8 to read as follows:

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

16 SECTION 5. Sections 609.5025(c) and (g), Government Code,
17 are repealed.

18 SECTION 6. The change in law made by this Act applies only
19 to an officer or state employee who initially takes office or begins
20 employment on or after the effective date of this Act.

21 SECTION 7. This Act takes effect September 1, 2019.