

BILL ANALYSIS

S.B. 483
By: Schwertner
Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Teacher Retirement System of Texas (TRS) and the Employees Retirement System of Texas (ERS) have both failed to meet assumed rates of return over the long term. For TRS, this failure led to the enactment of legislation last session that provided additional funding to shore up TRS and help keep it actuarially sound. In the case of ERS, the failure to meet assumed rates of return has led to an anticipated depletion date of 2061. Ensuring that both ERS and TRS stay solvent is essential so that the state does not default on its promise to retired educators and retired state employees. Accordingly, TRS and ERS both must adopt achievable assumed rates of return, and the systems' returns should be readily available to the state and to the public. S.B. 483 requires the governing bodies of both TRS and ERS to provide a biennial report that compares the assumed rate of return and the actual rate of return achieved by the respective retirement system for the most recent 1-year, 5-year, 10-year, and 20-year fiscal periods.

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

S.B. 483 amends the Government Code to require the governing bodies of the Employees Retirement System of Texas and the Teacher Retirement System of Texas, not later than December 31 of each even-numbered year, to each submit to the governor, the lieutenant governor, and each member of the legislature a report that details and compares the assumed rate of return and the annualized actual time-weighted rate of return achieved by the respective retirement system for the most recent 1-year, 5-year, 10-year, and 20-year fiscal periods. The report may be combined with any other report required by law and must include the following elements:

- for each period, an estimate of what the market value of the invested assets of the fund would have been as of the most recent fiscal year end had the system achieved the applicable assumed rate of return; and
- a comparison of each estimate and the actual market value of the invested assets in the fund as of the most recent fiscal year end.

EFFECTIVE DATE

September 1, 2021.