

By: Schwertner

S.B. No. 482

A BILL TO BE ENTITLED

AN ACT

relating to a biennial study and report by the Employees Retirement System of Texas and Teacher Retirement System of Texas on converting to a defined contribution plan.

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

SECTION 1. Subchapter F, Chapter 815, Government Code, is amended by adding Section 815.5105 to read as follows:

Sec. 815.5105. BIENNIAL STUDY AND REPORT ON CONVERTING TO DEFINED CONTRIBUTION PLAN. (a) Not later than January 1 of each odd-numbered year, the retirement system shall:

(1) conduct a study to evaluate the cost and feasibility of converting from providing benefits to members primarily under a defined benefit plan to providing benefits to members primarily under a defined contribution plan; and

(2) submit a written report to each member of the legislature containing the findings of the study.

(b) The report required under this section must:

(1) evaluate the following two conversion scenarios:

(A) a conversion under which all persons who are members of the system as of January 1 of the next odd-numbered year are required to transition to a defined contribution plan; and

(B) a conversion under which only employees or officers initially hired, appointed, or elected on or after January 1 of the next odd-numbered year are required to participate in a

1 defined contribution plan; and

2 (2) include:

3 (A) a broad description of how each conversion  
4 scenario described by Subdivision (1) would be achieved, including  
5 a projected timeline for the various stages of conversion;

6 (B) a detailed estimate of the costs to the state  
7 associated with each conversion scenario, including a detailed  
8 estimate of the costs to the state associated with maintaining the  
9 defined benefit plan for retirees and beneficiaries entitled to  
10 benefits under that plan;

11 (C) a summary of the assumptions and methods used  
12 to estimate costs under Paragraph (B);

13 (D) recommendations for legislation the system  
14 determines would be necessary to accomplish conversion under each  
15 conversion scenario; and

16 (E) any additional information the system  
17 determines appropriate.

18 (c) The report required by this section may be combined with  
19 any other report required by law.

20 SECTION 2. Subchapter B, Chapter 825, Government Code, is  
21 amended by adding Section 825.1085 to read as follows:

22 Sec. 825.1085. BIENNIAL STUDY AND REPORT ON CONVERTING TO  
23 DEFINED CONTRIBUTION PLAN. (a) Not later than January 1 of each  
24 odd-numbered year, the retirement system shall:

25 (1) conduct a study to evaluate the cost and  
26 feasibility of converting from providing benefits to members  
27 primarily under a defined benefit plan to providing benefits to

1 members primarily under a defined contribution plan; and

2 (2) submit a written report to each member of the  
3 legislature containing the findings of the study.

4 (b) The report required under this section must:

5 (1) evaluate the following two conversion scenarios:

6 (A) a conversion under which all persons who are  
7 members of the system as of January 1 of the next odd-numbered year  
8 are required to transition to a defined contribution plan; and

9 (B) a conversion under which only employees  
10 initially hired on or after January 1 of the next odd-numbered year  
11 are required to participate in a defined contribution plan; and

12 (2) include:

13 (A) a broad description of how each conversion  
14 scenario described by Subdivision (1) would be achieved, including  
15 a projected timeline for the various stages of conversion;

16 (B) a detailed estimate of the costs to the state  
17 associated with each conversion scenario, including a detailed  
18 estimate of the costs to the state associated with maintaining the  
19 defined benefit plan for retirees and beneficiaries entitled to  
20 benefits under that plan;

21 (C) a summary of the assumptions and methods used  
22 to estimate costs under Paragraph (B);

23 (D) recommendations for legislation the system  
24 determines would be necessary to accomplish conversion under each  
25 conversion scenario; and

26 (E) any additional information the system  
27 determines appropriate.

1            (c) The report required by this section may be combined with  
2 any other report required by law.

3            SECTION 3. This Act takes effect September 1, 2021.