

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 6, 2021**

**TO:** Honorable Rafael Anchia, Chair, House Committee on Pensions, Investments & Financial Services

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB2936** by Frank (Relating to an optional service retirement annuity of the Employees Retirement System of Texas.), **As Introduced**

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| <b>No significant fiscal implication to the State is anticipated.</b> |
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The bill would amend the Government Code to allow a member of the Employees Retirement System (ERS) pension plan who is eligible for an unreduced service retirement annuity the ability to select a service retirement annuity option that provides for cost-of-living adjustments. ERS would provide the periodic increases by reducing benefits at the beginning of the member's retirement. The service retirement annuity option must be actuarially equivalent to the standard annuity, and the annuity and periodic adjustments must be computed to result in no actuarial loss to the retirement system. The bill applies to retirements on or after January 1, 2022.

According to ERS, though some initial costs would be expended for actuarial development and pension system changes needed to implement the bill, no significant fiscal impact is anticipated from the provisions of the bill.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 327 Employees Retirement System

**LBB Staff:** JMc, AAL, LCO, JPO