

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 5, 2023

TO: Honorable Joan Huffman, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1393 by Frank (Relating to an optional service retirement annuity that provides an increasing annuity under the Employees Retirement System of Texas.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would 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 that provides for an annual increase of two percent. ERS would provide the annual increases by reducing benefits at the beginning of the member's retirement. The service retirement annuity option would be required to be actuarially equivalent to the standard annuity, and the annuity and periodic adjustments would be required to result in no actuarial loss to the retirement system. The bill would allow ERS to offer other increasing annuity options, including those providing a different percentage rate of increase or a different implementation period.

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 fiscal implication to units of local government is anticipated.

Source Agencies: 327 Employees Retirement System

LBB Staff: JMc, KK, LCO, JPO, MOc