

## **BILL ANALYSIS**

H.B. 2936  
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Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

There have been calls by some Employees Retirement System of Texas (ERS) retirees for ERS to offer a cost-of-living adjustment option that would benefit retirees who prefer an annuity that increases over time as their age and financial needs increase. H.B. 2936 seeks to address this issue by requiring ERS to implement rules to offer a cost-of-living adjustment option to members who are eligible for an unreduced service retirement annuity and providing for the calculation of that option.

### **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 rulemaking authority is expressly granted to the board of trustees of the Employees Retirement System of Texas in SECTION 1 of this bill.

### **ANALYSIS**

H.B. 2936 amends the Government Code to give a member of the Employees Retirement System of Texas (ERS) who is retiring on or after January 1, 2022, and who is eligible for an unreduced service retirement annuity the option to select a standard retirement annuity or an optional service retirement annuity together with the option for cost-of-living adjustments, as described by the bill.

H.B. 2936 requires ERS to provide the cost-of-living adjustments by reducing benefits for an appropriate period beginning immediately after the member's retirement and periodically increasing the amount of the benefits, as determined by ERS, during the period the member or designated beneficiary is entitled to service retirement benefits. The cost-of-living adjustments option may be elected only once by a member and may not be elected by a retiree. The bill establishes that a member retiring under the proportionate retirement program is not eligible for the partial lump-sum option.

H.B. 2936 requires the service retirement annuity selected by the member to be calculated to reflect the cost-of-living adjustments to be provided under the bill and be actuarially equivalent to a standard or optional service retirement annuity, as applicable. The annuity and adjustments must be computed to result in no actuarial loss to ERS. Before a retiring member selects the cost-of-living adjustments option, ERS must provide a written notice to the member of the amount by which the member's annuity will be reduced and the period of the reduction because of that selection. The bill requires ERS to maintain a copy of the notice signed by the member.

H.B. 2936 authorizes the ERS board of trustees to adopt rules for the implementation of the bill's provisions. The bill's provisions expressly do not apply to a disability retirement annuity.

**EFFECTIVE DATE**

September 1, 2021.