

SUBJECT: Allowing for the purchase of service credit by certain ERS members

COMMITTEE: Pensions, Investments & Financial Services — favorable, without amendment

VOTE: 7 ayes — Capriglione, Lambert, Bhojani, Bryant, Frazier, Plesa, VanDeaver

0 nays

2 absent — Leo-Wilson, Vo

WITNESSES: For — None

Against — None

On — (*Registered, but did not testify*: Robin Hardaway, Employees Retirement System of Texas)

BACKGROUND: Some have suggested that the law should be clarified about whether a member can purchase service credit from the Employees Retirement System (ERS) at the 90-day waiting period at the beginning of a second or successive employment or holding of office.

DIGEST: HB 3254 would allow a member to establish service credit for each month of any 90-day waiting period in which the member performed service, regardless of whether the member made a past contribution that would have established service credit.

The bill also would specify that if a member purchased service credit for a month that occurred before the member's most recent date of hiring, the Employees Retirement System (ERS) would consider the first day of the month they first purchased service credit as their date of hiring.

The bill also would require ERS to compute the amount of the deposit in a manner that would not result in an actuarial loss.

The bill would take effect September 1, 2023.