BILL ANALYSIS

Senate Research Center

H.B. 3125
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State Affairs
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently an employee of an institution of higher education who retires is not eligible for the Optional Retirement Program (ORP) if the person returns to work at the institution. If a person goes back to work for a corporation, the employee is allowed to contribute to their retirement account. ORP was founded on the principle of recruiting talent to Texas and hoping to be competitive with corporate America. With so many employees retiring, due to retirement incentives, institutions of higher education face difficulty in filling positions. Additionally, institutions face difficulty with employees not wishing to transition to part-time status because of the loss of their ORP.

H.B. 3125 allow an employee who retires and subsequently returns to an employment status that would otherwise be eligible for participation in the optional retirement program to have contributions remitted on the employee's behalf by the institution at the institution's discretion in accordance with rules adopted by the Texas Higher Education Coordinating Board.

This bill also makes sure that investment advisors for ORPs are registered with the institutions.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 830.102, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 830.102, Government Code, by adding Subsection (e) to authorize an employee who retires and subsequently returns to an employment status that is otherwise eligible for participation in the optional retirement program to have contributions remitted on the employee's behalf by the institution at the discretion of the institution in accordance with rules adopted by the Texas Higher Education Coordinating Board.

SECTION 2. Amends Section 830.107, Government Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

> (a) Authorizes a participant in the optional retirement program to authorize the payment of investment advisory fees from the amount in the participant's custodial account or annuity if certain conditions exist, including the investment advisor to whom the fees are paid is registered with one or more of the optional retirement program vendors currently authorized by the participant's employing institution of higher education.
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> (c) Sets forth certain actions each institution is authorized to take and certain actions each institution is required to take relating to investment advisors and advisory fees.
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> (d) Requires an investment advisor registered with an institution under this section to comply with all policies and procedures adopted by the institution and provides that, at the discretion of the institution, the advisor may be prohibited from providing investment advisory services to the institution's participants for failure to comply.

SECTION 3. Makes application of Section 830.107, Government Code, as amended by this Act, prospective.

SECTION 4. Effective date: September 1, 2005.