A BILL TO BE ENTITLED
AN ACT
relating to a study of the cost-effectiveness and feasibility of implementing a hybrid retirement plan for newly hired state employees and teachers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. (a) In this section, "hybrid retirement plan" means a retirement plan that combines elements of a defined benefit plan, a defined contribution plan, or an individual retirement savings account.

(b) The State Pension Review Board shall contract with a nationally recognized actuarial firm to conduct a comprehensive study to:

(1) compare the cost-effectiveness and feasibility of creating and implementing a hybrid retirement plan for newly hired state employees and teachers that is to be:

(A) provided instead of the existing retirement benefit plans provided to state employees and teachers; and

(B) administered by the Employees Retirement System of Texas or the Teacher Retirement System of Texas, as appropriate; and

(2) evaluate the experiences of other municipalities and states that have implemented a hybrid retirement plan for their employees, including whether those entities experienced a reduction in employee benefits or an increase in costs to the
(c) Any actuarial analysis conducted for purposes of the study required by this section must be conducted by an enrolled actuary under the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.).

(d) Not later than September 1, 2018, the State Pension Review Board shall submit a written report to the legislature containing the findings of the study conducted under this section together with the board's recommendations to the legislature regarding the cost-effectiveness and feasibility of implementing hybrid retirement plans for newly hired state employees and teachers.

(e) This Act expires December 31, 2018.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.