

ERS RETIREMENT AND INSURANCE OVERVIEW

ERS Retirement Groups

The 81st and 83rd Texas Legislatures made changes to the ERS program which created two new retirement groups. As a result, your retirement eligibility and payment calculation rules depend on when you were first hired by the state. If you previously left state

employment and withdrew your retirement account, then returned to the state after September 1, 2009, you may be in a different retirement group than Group 1. Withdrawing your retirement account removes you from your retirement group. Buying back your service credit helps your retirement eligibility, but does not put you in your former group.

	 Group 1	 Group 2	 Group 3
	Employees hired before September 1, 2009	Employees hired September 1, 2009 – August 31, 2013	Employees hired on and after September 1, 2013
Minimum retirement age with no GBP benefits	<ul style="list-style-type: none"> Five years at age 60 Rule of 80 with at least five years 	Not available	Not available
Minimum retirement age with GBP benefits	<p>ERS</p> <ul style="list-style-type: none"> 10 years at age 65 Rule of 80 with at least 10 years 	<p>ERS</p> <ul style="list-style-type: none"> 10 years at age 65 Rule of 80 with at least 10 years 	<p>ERS</p> <ul style="list-style-type: none"> 10 years at age 65 Rule of 80 with at least 10 years
	<p>LECOSRF</p> <ul style="list-style-type: none"> 20 years at age 50 Rule of 80 	<p>LECOSRF</p> <ul style="list-style-type: none"> 20 years at age 55 Rule of 80 	<p>LECOSRF</p> <ul style="list-style-type: none"> 20 years at age 57 Rule of 80
Annuity reduction for "early" retirement	<p>ERS</p> <p>No reduction</p>	<p>ERS</p> <p>5% per year under age 60, capped at 25%</p>	<p>ERS</p> <p>5% per year under age 62, no cap</p>
	<p>LECOSRF</p> <p>Actuarially reduced before age 50 and no Rule of 80</p>	<p>LECOSRF</p> <p>Age reduction of 5% for each year before age 55, capped at 25%</p>	<p>LECOSRF</p> <p>Actuarially reduced before age 50 and no Rule of 80, plus 5% for each year before age 57 with no cap</p>
Multiplier	ERS		
	2.3%		
Multiplier	LECOSRF		
	2.8% with 20 years of CPO/CO service		
Final average salary months	Highest 36 months	Highest 48 months	Highest 60 months
Unused leave toward eligibility	Yes	No	No
Unused leave to increase annuity	Yes	Yes	Yes*
Employee Retirement Contribution	ERS		
	9.5%		
Employee Retirement Contribution	LECOSRF		
	10%		

*Unused annual leave can only increase the annuity if it's not taken as a lump sum upon employment separation.

Tiered Retiree Health Insurance

Grandfathering

You need 10 years of service credit to be eligible for Texas Employees Group Benefits Program (GBP) retiree insurance. The amount that the state will contribute to your monthly premium depends on whether you have less than five years of GBP-eligible service at a GBP-participating agency or institution as of September 1, 2014. The chart below shows which years of service count toward the five years of service counted for retiree insurance “grandfathering.” The certain types of service and participation will count even if you waived or opted out of GBP health coverage. If you had five years by that date, you are “grandfathered” and the state will pay 100% of your health premium (50% if you were a part-time employee in the last three months of your

employment). If you had less than five years on that date, the state’s insurance premium contribution will be based on the number of years you participated in the GBP:

- 100% with 20 or more years,
- 75% with 15 up to 20 years,
- 50% with 10 up to 15 years.

If you’re not grandfathered, some service can put you into a higher tier with a higher state contribution. The right column in the chart below indicates which types of service can put you in a higher tier. For example, if a non-grandfathered member had 12 years of service, he or she could buy three years of Additional Service Credit (ASC) to get 15 years and a 75% state contribution to the retiree health premium.

Type of Participation/Service	Years of Service Counted for Grandfathering	Service counts toward higher tier
ERS	Yes	Yes
Waiting Period	Yes (service doesn’t have to be purchased)	Yes
Refunded service	Yes (service doesn’t have to be purchased)	Yes
Additional Service Credit (ASC)	No (members already need 10 years to purchase ASC)	Yes
Military service	No (military service isn’t creditable until a member has five years of service)	Yes
Proportionate Retirement Program (PRP)	No	No
Texas Governmental Entity (TGE)	No	No
Teacher Retirement System (TRS) service from a GBP-participating agency or institution	Yes	Yes
TRS service from a non-GBP-participating institution (example: independent school district (ISD))	No*	Yes (if transferring service to ERS at retirement)
Optional Retirement Program (ORP) service from a GBP-participating agency or institution	Yes	Yes
University of Texas or Texas A&M University systems	No*	Yes (if transferring service to ERS at retirement)
Texas Municipal Retirement System (TMRS)	No (unless employed by TMRS and participating in the GBP)	No (unless employed by TMRS and participating in the GBP)
Texas County and District Retirement System (TCDRS)	No (unless employed by TCDRS and participating in the GBP)	No (unless employed by TMRS and participating in the GBP)
Community Supervision and Corrections Department (CSCD)	Yes (if eligible to participate in the GBP)	Yes (if eligible to participate in the GBP)
Time spent covered under COBRA or as a dependent in the GBP	No	No
Time spend covered in the GBP as a Former Legislative Employee, Former Elected State Official, Former Board Member, Wrongfully Imprisoned Person, or Texas State Guard volunteer	No	No

*If transferring service to ERS at retirement, service will be used to determine state insurance contribution.