

OVERVIEW OF RETIREMENT ANNUITY AND INSURANCE BENEFITS FOR REGULAR STATE EMPLOYEES

ERS Retirement Groups

Your retirement group determines when you become eligible to retire and how ERS calculates your annuity payment. Your group is based on when you began working at a State of Texas agency.

- **Group 1:** Started before Sept. 1, 2009
- **Group 2:** Started Sept. 1, 2009 - Aug. 31, 2013
- **Group 3:** Started Sept. 1, 2013 - Aug. 31, 2022
- **Group 4:** Started on or after Sept. 1, 2022

If you leave state employment and withdraw your ERS retirement account, you are no longer in the retirement group you became part of when you started work. If you return to state employment after withdrawing your ERS retirement account, your retirement group is based on the date you return to work for the state. If you are in Group 1, 2 or 3, you may be able to buy back your withdrawn service credit, but buying withdrawn service credit does not return you to your former group.

For example, if you were in Group 1 and left state employment, withdrew your retirement account and then returned to state employment on Aug. 1, 2012, you would be in Group 2. You would remain in Group 2 even if you buy your withdrawn service credit.

	GROUP 1 Started before Sept. 1, 2009	GROUP 2 Started Sept. 1, 2009 – Aug. 31, 2013	GROUP 3 Started Sept. 1, 2013 – Aug. 31, 2022	GROUP 4 Started on or after Sept. 1, 2022
RETIREMENT PREPARATION				
Employee Contributions (based on current legislation and subject to change)	9.5% of salary	9.5% of salary	9.5% of salary	6% of salary
State / Employer Commitment (based on current legislation and subject to change)	10% of salary	10% of salary	10% of salary	10% of salary
Guaranteed Interest Earnings during Career	2% per year, applicable only to funds withdrawn after leaving state employment before retirement eligibility	2% per year, applicable only to funds withdrawn after leaving state employment before retirement eligibility	2% per year, applicable only to funds withdrawn after leaving state employment before retirement eligibility	4% per year
Potential for Gain-sharing during Career	Not applicable	Not applicable	Not applicable	Possibility of up to an additional 3% interest per year, depending on ERS' investment performance
Can Buy Service Credit to Reach Eligibility and/or Increase Annuity	Yes	Yes	Yes	Withdrawn service can be: • applied to reach eligibility and • purchased within 24 months of rehire to add to account
RETIREMENT ELIGIBILITY				
Minimum Service and Age to Retire with No Insurance Benefits	• Five years of service credit and • Age 60	Not available	Not available	• Five years of service credit and • Age 65
Minimum Service and Age to Retire with Insurance Benefits	• 10 years of service credit and • Age 65 or Rule of 80	• 10 years of service credit and • Age 65 or Rule of 80	• 10 years of service credit and • Age 65 or Rule of 80	• 10 years of service credit and • Age 65 or Rule of 80
Unused Leave to Reach Eligibility	Yes	No	No	No
RETIREMENT ANNUITY				
Calculation <i>The multiplier for Groups 1 - 3 and match for Group 4 are funded by the state's 10% contributions over employees' careers.</i>	Years and months of service credit x 36-month highest average salary x 0.023 (2.3% multiplier)	Years and months of service credit x 48-month highest average salary x 0.023 (2.3% multiplier)	Years and months of service credit x 60-month highest average salary x 0.023 (2.3% multiplier)	Based on total account balance at retirement, inc.: • Employee's contributions • 4% annual interest • Any gain-sharing • 150% match
Permanent Age-based Annuity Reduction	No reduction	5% every year under age 60, 25% cap	5% every year under age 62, no cap	Factored into calculation
Unused Leave to Increase Annuity	Yes	Yes	Yes (only if not taken as lump-sum payment)	No
Annuity Increases after Retirement	Must be approved by Texas Legislature or ERS Board, if Trust Fund is actuarially sound	Must be approved by Texas Legislature or ERS Board, if Trust Fund is actuarially sound	Must be approved by Texas Legislature or ERS Board, if Trust Fund is actuarially sound	Possibility for annual gain-sharing increases of up to 3%, depending on ERS' investment performance

IMPORTANT NOTICE ABOUT INSURANCE: Health and other insurance benefits for employees and retirees are subject to change based on available state funding. The Texas Legislature determines the level of funding for such benefits and has no continuing obligation to provide those benefits beyond each fiscal year.

State Contributions for Retiree Health Insurance

You need 10 years of service credit with an agency and/or higher education institution that participates in the Texas Employees Group Benefits Program (GBP) to be eligible for GBP insurance in retirement. Under current state law, if you are eligible for GBP insurance as a retiree, the State of Texas pays some or all of your health insurance premium. The amount the state pays depends on whether you had at least five years of GBP eligibility at a State of Texas agency and/or higher education institution on Sept. 1, 2014; whether you worked full time or part time in your last three months employed at a state agency; and how many years you worked for a state agency and/or higher education institution.

If you had five years of GBP-eligible service by Sept. 1, 2014, you are “grandfathered,” and the state will pay 100% of your health insurance premium (50% if you worked part-time in the last three months of your employment).

If you had fewer than five years of service as of that date, the state’s insurance premium contribution for a retiree from full-time employment will be based on the number of years you participated in the GBP:

- 100% contribution with 20 or more years,
- 75% contribution with 15 years to 19 years, 11 months
- 50% contribution with 10 years to 14 years, 11 months

The following table shows how different types of service can be applied to meet the five-year requirement for grandfathering or achieve a higher premium contribution from the state. For example, if a non-grandfathered Group 3 member has 12 years of service at retirement, they could buy three years of Additional Service Credit (ASC) for a total of 15 years to get a 75% state contribution to their health insurance premium. Certain types of service and participation will count toward grandfathering even if you waived or opted out of GBP health coverage.

Type of participation/service	Service counts toward grandfathering	Service counts toward higher state contribution
Regular state employee	Yes	Yes
Waiting period	Yes (Service doesn’t have to be purchased.)	Yes; must be purchased
Refunded service	Yes (Service doesn’t have to be purchased.)	Yes; must be purchased
Additional Service Credit (ASC)	No (Members already need 10 years to purchase ASC.)	Yes; must be purchased
Military service	No (Military service isn’t creditable until a member has five years of state service.)	Yes; must be purchased
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; transferred service is used to determine the state’s premium contribution
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; transferred service is used to determine the state’s premium contribution
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 TCDRS 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 covered in the GBP under COBRA or as a dependent	No	No
Time covered in the GBP as a former legislative employee, former elected state official, former ERS Board member, wrongfully imprisoned person or Texas State Guard volunteer	No	No

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