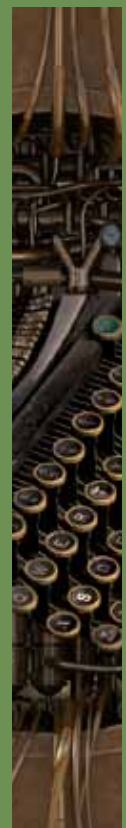


FY2010 ANNUAL REPORT

MISSION



ERS enhances the lives of our participants through the delivery of quality benefits at a reasonable cost.

Employees Retirement System of Texas

Ann S. Fuelberg
Executive Director

I. Craig Hester
Chair
Vice-chair
Yolanda Griego

Board of Trustees
Cheryl MacBride
Cydney C. Donnell
Owen Whitworth
Donald E. Wood



Texas—and its workers—have always been a good investment.

INVESTING IN TEXAS' WORKERS

State employees perform critical functions for our growing state. It was a state employee who worked through the ice storm clearing the roads. Other state employees monitor local nursing homes and day care centers. State employees care for the mentally ill adults in the state hospital and other state employees guard the prisoners on death row.

State employees share the responsibility of funding their retirements. Our average member works and contributes for 22 years. Once retired, their retirement benefit will be less than \$18,000 a year on average.

Like most employers, the State of Texas also provides health insurance for its workforce. The state recognizes that healthy workers are more productive and promotes wellness through a variety of programs. The benefit design encourages participants to save money for themselves and the plan by making cost-efficient choices when seeking health care.

WHAT'S OUR RETURN ON THESE INVESTMENTS? POSITIVE.

For every dollar the state invests in it, the state retirement fund earns \$8 over the long term. This means the retirement fund can pay more out in benefits each year than the state and employees contribute. Investment earnings account for nearly 60% of the annual benefits paid. Employee contributions, combined with investment earnings, account for 81% of the annual benefits paid.

This pre-funding is a significant savings for the state. It not only allows the State to provide benefits at a lower cost, these benefits also help the State attract and retain the qualified and efficient workers it needs, reducing costly turnover.

Retirees spend these dollars throughout the state, supporting small businesses in every Texas community. Employees and retirees spend health care dollars in Texas. More than 97 cents of every dollar contributed to the self-funded HealthSelectSM plan goes directly to local health care providers—doctors, hospitals, pharmacies and labs.

INVESTING IN TEXAS

ERS puts trust fund dollars to work in Texas. The fund includes Texas companies in stock, bond and real estate portfolios. Many companies get needed capital through our private equity investments. About 30% of all of our investments are in Texas companies that employ 200 or more Texas workers, or have established their headquarters in Texas.

WHAT'S THE LONG-TERM OUTLOOK?

Long-term sustainability is crucial for our members, and to current and future taxpayers. That's why it's important to constantly evaluate the program and adjust it as necessary. The State of Texas has built a model benefits program that meets the basic needs of its workforce at a cost its citizens can afford. As we move forward, ERS is committed to working with the Legislature to fulfill our mission for Texas.

Ann S. Fuelberg
Executive Director

Craig Hester
Chair, ERS Board of Trustees

“Thank you so much for helping our family find such a quick and amicable solution to what had become an overwhelming catastrophe for our family. I appreciate more than you know the kind, courteous, and efficient manner that everyone I spoke with at ERS has treated me with.”

GROUP BENEFITS PROGRAM

Insurance Coverage

- Health—HealthSelectSM, a self-funded plan and two HMOs: Scott and White Health Plan and Community First Health Plans
- Dental—Indemnity Plan and DHMO

Optional Coverages

- Life Insurance
- Voluntary Accidental Death and Dismemberment
- Long-term Care
- Long-term and Short-term Disability

Expenditures

- \$2.6 billion in health plan expenditures

ENHANCING LIVES

Participants

- 538,326 participants, including:
 - 219,080 employees;
 - 79,836 retirees;
 - 223,772 dependents;
 - 8,761 SKIP dependents;
 - 6,877 other*

**Other includes terminated participants who are paying for coverage through COBRA, and surviving spouses of members who have died.*

RETIREMENT

Retirement plans for employees, elected officials, law enforcement and custodial officers (LECOS), and judges

- \$20.7 billion trust fund
- 83.3% funded ratio
- \$1.6 billion in annual retirement payments

Based on Actuarial Valuation as of August 31, 2010

Total Membership – by plan 301,847

- 300,538 ERS
- 49,205 Law Enforcement Custodial Officers System (LECOS)
- 833 Judicial Retirement System (JRS II)
- 476 Judicial Retirement System (JRS I)

Active Membership

- 142,490 active ERS members, including
 - 103,103 state employees;
 - 39,052 LECOS members; and
 - 335 elected class members
- 22 JRS I and 539 JRS II

Retiree Membership

- 79,311 retirees, including
 - 71,455 state retirees;
 - 7,164 LECOS** retirees; and
 - 692 elected class retirees
- 447 JRS I and 164 JRS II

Total Membership 301,847

by contribution status -

- 143,051 contributing employees
- 79,922 retirees and beneficiaries
- 63,274 non-vested non-contributing
- 15,600 vested non-contributing

***LECOS members are also members of ERS.*

TELL US YOUR STORY

“Thanks to the retiree benefits, we are able to live and enjoy a reasonably comfortable lifestyle and not depend on anyone.”

—Shanti C.

“My retirement benefits really took care of me. ... My wife and I are very thankful that the cancer was caught early and that I had the retirement benefit of insurance. I am fully recovered from the surgery and have a very active life. ... I owe all this to my retirement benefits.”

—Jerald J.

“The insurance has been a lifesaver for me and my family. We appreciate the insurance coverage and the network of providers. The medical professionals have improved over the years and our coverage costs have been reasonable.”

—Suzanne O.



The State of Texas, its employees, retirees, and their families are now, and have always been, a good investment.

INVESTMENTS

The ERS Trust Fund includes more than \$20.4 billion in assets. The employee and state contributions coming into ERS' Retirement Trust are professionally managed by the ERS Board of Trustees through a carefully designed Investment Policy.

The Board of Trustees has a fiduciary responsibility to set policies and investment strategies with the advice and expertise of an independent Investment Advisory Committee, but day-to-day investment decisions are made by ERS' professional investment staff.

The Board of Trustees strengthened the Investment Policy in February 2010, adding restrictions on placement

ERS is exceeding its long-term investment goals, though the unfavorable investment markets in 2008, 2009, and the early 2010's have affected short-term investment returns.

ERS Annualized Returns as of August 31, 2010	
30 year	8.54%
20 year	7.98%
10 year	3.42%
1 year	6.65%

During fiscal year 2010, ERS established an emerging managers program to diversify investments. The emerging manager program provides opportunities to private investment firms with less than \$2 billion in assets. ERS has about 12% of its externally advised assets either committed to or under management by an emerging manager, and will continue to seek relationships with emerging managers that align with ERS' investment program, policies and fiduciary responsibilities

EFFICIENT DELIVERY

agents and political contributions, and clarifying insider trading and confidentiality policies.

The diversified, conservatively invested ERS Trust is designed to reduce risk and support long-term investment strategies.

ERS Retirement Trust Asset Allocation		
Asset Class	Current	Long-Term Target
Global Equity	58.5%	45%
Fixed Income	36.2%	33%
Private Equity	1.4%	8%
Diversified Real Estate	2.4%	8%
Hedge Funds	0%	5%
Cash	1.4%	1%

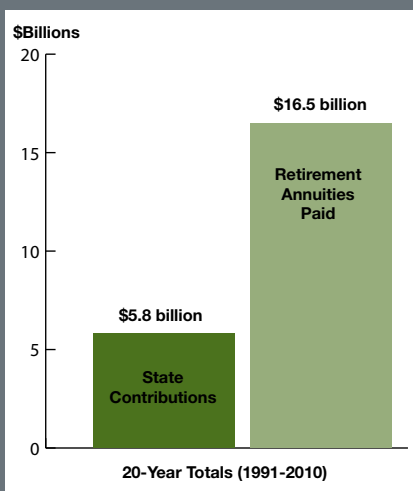
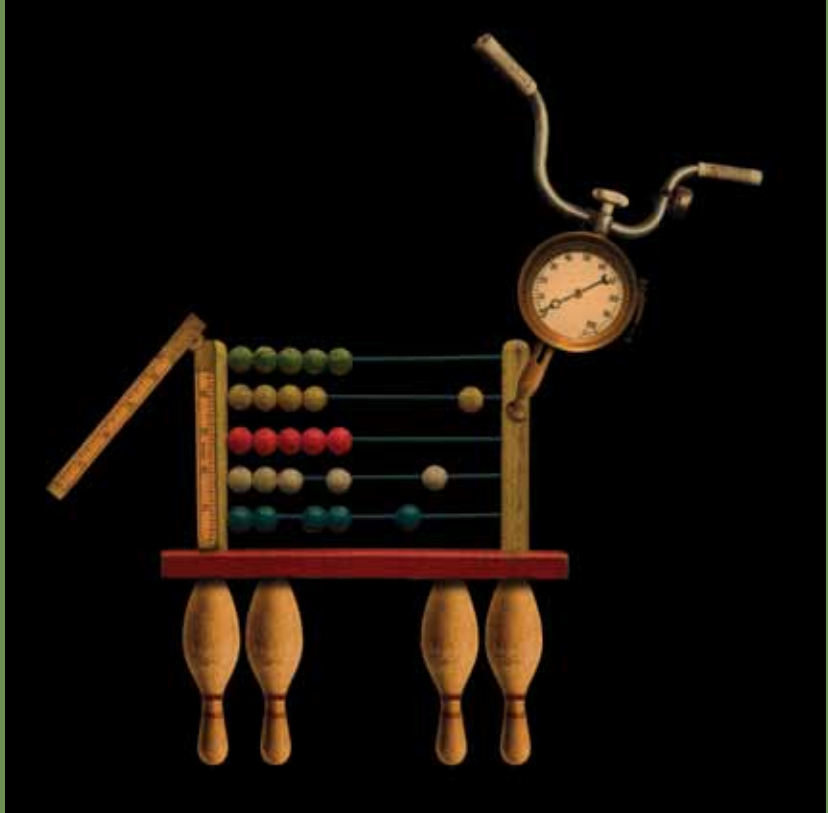
80.7%	19.3%
Internally Managed	Externally Advised

DON'T TAXPAYERS PAY MOST OF THE RETIREMENT COSTS?

No, investment earnings from the trust fund pay most of the costs. For each dollar in the Trust in fiscal year 2010, nearly 60 cents came from the trust fund, 21 cents from employer (State) contributions and 20 cents from member contributions.

The contribution the state makes has many returns. The benefits support thousands of Texans and their families, and aid the communities where they live.

ERS retirees spend most of their retirement money in Texas, and the National Institute on Retirement Security reports that each employer dollar invested in Texas' public retirement systems supported \$8.32 in total economic activity.



Texas had the foresight to craft cost-effective health insurance and retirement plans.

RETIREMENT

Defined benefit plans

In 1946, Texas established retirement benefits for state appointed officers and employees. Since that time, ERS benefit retirement plans have provided a stable source of income for retired State of Texas employees, law enforcement officers, judges and elected officials. These retirees are as diverse in background, skill and education as the population of Texas.

Employees Retirement System Plan			
	State Employees	Law Enforcement	Judges
Employees			
Average Age	44.50	41.89	55.85
Average Years of Service	9.51	8.52	9.54
Average Annual Salary	\$42,104	\$37,979	\$127,560
Retirees			
Average Annual Annuity	\$17,526	\$30,302	\$58,640
Service Retirees	59,581	6,562	147
Average Age	68.43	61.03	66.94
Average Years of Service at Retirement	22.23	25.72	13.67

As of August 31, 2010

QUALITY BENEFITS

QUALITY BENEFITS

Quality benefits create a positive return on investment for the State of Texas.

A quality benefits package is key to attracting and retaining qualified employees.

The state workforce provides many essential services—guarding our prisons, policing our highways, caring for blind and disabled children, and maintaining our roads—in one of the fastest growing states in the country.

With an average salary of \$42,000 and an average annuity of \$18,000, employees and retirees rely on these crucial benefits.



Paying for Benefits

The amount individuals receive in retirement is tied to how many years they worked – the more years worked, the greater their retirement annuity as a percentage of salary. This is because participants in the ERS retirement plans contribute a portion of each paycheck toward retirement. An individual would have to work for the state more than 43 years before retirement checks would equal 100% of monthly salary, and the law prohibits anyone from receiving more on a per-month basis in retirement than while working.

Percentage of Monthly Salary Employees Contribute Toward Retirement	
	% from monthly paychecks
State Employees	6.5%
Law Enforcement	7.0%
Judges	6.0%

The state also makes monthly contributions toward its employees' retirement as part of an overall compensation package. But over the last 20 years, most of the money in the ERS Retirement Trust, 62%, came from the investments ERS manages on behalf of state employees and retirees.

Long-term Cost Efficiency

The ERS retirement plan is a cost-effective way for the state to provide benefits that help attract and retain an efficient workforce. For the 2010-2011 biennium, the state's appropriation to the ERS retirement plan was less than half of one percent of the state's budget, inclusive of All Funds. Over the last 20 years, the state has contributed \$5.8 billion toward state employees' retirement while ERS paid \$16.5 billion in retirement benefits over the same period. See page 15 for the important benefits these ERS retirement dollars provide to Texas communities.

Fiscal Year 2010 Valuation

The financial health of a defined benefit retirement plan depends on an equal balance between assets and liabilities.

Summary Results of FY 2010 Actuarial Valuations			
	ERS in billions	LECOSRF in millions	JRS II in millions
Actuarial Value of Assets	\$23.6	\$802.9	\$264.5
Actuarial Value of Liabilities	\$28.4	\$966.6	\$281.76
Unfunded Liability	\$4.78	\$163.7	\$17.2
Funded Ratio <i>(Ratio of Assets to Liabilities)</i>	83.2%	83.1%	93.9%
Normal Cost Contribution Rate* <i>(Cost of benefits being earned)</i>	12.3%	2.1%	20.2%
Actuarial Sound Contribution Rate* <i>(Cost of benefits being earned and closing the assets/liabilities gap)</i>	17.1%	2.7%	21.7%



ERS currently has 83 cents for each dollar it will pay to retired employees and 93 cents for judges for the next 31 years. That compares well with other state retirement plans.

The retirement contributions that employees and the state are paying each month, along with the expected investment returns, are enough to pay for the benefits earned today, but they are not enough to balance the plan's assets and liabilities in the future. The unfunded portion of ERS' liability has continued to increase since 2003. There are several reasons for this, including two market downturns, contributions that are less than what is needed, and state policies that encourage more people to retire sooner than expected.

ERS Actuarial Sound Contribution Rate			
	Fiscal Years Ending		
	2007 to 2008	2008 to 2009	2009 to 2010
Year-to-year increase/(decrease)	2.35%	0.39%	1.23%
Explanation of Increases			
Insufficient prior contributions	0.06%	0.15%	0.23%
Membership changes	0.35%	-1.7%	-0.02%
Required assumption changes based on plan experience	1.41%	0.00%	0.00%
Trust fund investment losses	0.53%	1.17%	1.02%
Legislative changes	0.00%	-0.76%	0.00%

ERS PENSION IS DESIGNED FOR SUSTAINABILITY

ERS has avoided the costly practices of other public retirement plans that are proving unsustainable. This is because the governance practices, financial standards and benefits set by Texas lawmakers provided a balanced structure, protected retirement assets, required minimum employee and state contributions, prohibited salary spiking, and have not allowed benefit increases unless the plan is fully funded.

Defined Benefit Plan Feature	Texas	Other States
Pension spiking	No	Many allow spiking
Cost of living adjustments	Only if plan is actuarially sound	Automatic in many states
Employers and Employees must contribute	Yes	Some do not require one or both
Employee union with collective bargaining power	No	Some

In addition, Texas took the lead on enacting pension reform measures in 2009. Many states have followed suit.

Defined Benefit Plan Feature	Texas	Other States
Increased age of retirement eligibility	Yes	Some
Increased time before vested	Yes	Some
Increased period for calculation of final salary	Yes	Some
Reduced benefit for early retirement	Yes	Some
Restricted retirees who return to work	Yes	Some

TEXA\$AVER 401(K) AND 457 PLANS

The Texas Legislature created the Texa\$aver 401(k) Plan and 457 Plans to help state and higher education employees add to their retirement savings. The Plans allow employees to invest in a variety of funds consisting of stocks, bonds, and short-term investments. Participants can choose a self-directed option, or use an Advisor Service for an additional cost.

	401(k)	457
Current plan assets	\$1,249.5 million	\$334.5 million
Participant balance¹		
• Median	\$784.23	\$3,662.68
• Average	\$12,431.13	\$17,952.07
Monthly deferral		
• Median	\$26.86	\$100.00
• Average	\$146.17	\$385.87
Total eligible to participate	182,413	314,446
Participants with a balance	96,250	18,479
• Contributing	• 69,311 (72%)	• 11,649 (63%)
• Non-contributing ²	• 26,939 (28%)	• 6,830 (37%)

¹ Excludes DeMinimus accounts

² 37% of noncontributing 401(k) members are terminated employees; 19% are retirees; and 44% are active employees who have stopped monthly deferrals.

FY10 was the third year in which all new state employees were automatically enrolled in the 401(k) program at an initial contribution level of 1% of salary. About 75% of new employees are still enrolled in the program, though only 5% have increased their withholding beyond the initial 1%.

Texa\$aver Automatic Enrollment January 1, 2008 – August 31, 2010	
82,742 were eligible as new employees to be auto-enrolled	
5,733 opted out within 30 to 90 days	7%
19,322 have left state employment	23%
49,286 have continued at the default deferral rate of 1%	60%
4,396 have increased their deferral amount above 1%	5%
4,005 have stopped contributing but continue to be enrolled	5%
57,687 of the employees eligible for auto-enrollment remain enrolled	70%



TEXTFLEX SAVES MONEY FOR STATE AND MEMBERS

Flexible Spending Accounts

State employees also have access to two types of flexible spending accounts through the TexFlex Program. Participating in the program allows employees to increase their take-home pay through tax savings.

Employees can contribute tax-free money from their paychecks into either a health care account to pay for some medical costs or a day care account to use for dependent day care expenses. Employees can use the health care account to cover out-of-pocket medical and dental costs, and expenses not covered by health insurance—for example, glasses, prescription copays, and some over-the-counter medical supplies.

FY10 TEXTFLEX STATISTICS

- Tax-deferred money lowered the State's Social Security Tax obligation by \$35 million in FY 2010 through premium conversion and spending accounts.
- In FY10, employees contributed \$92.3 million into 54,351 TexFlex accounts. About 92.7% were health care accounts. The rest were day care accounts.
- Contributions lowered taxable earnings for participating employees by an estimated \$5.6 million.
- Contributions lowered Social Security taxes for the State by an estimated \$35 million.

DISCOUNT PURCHASE PROGRAM OFFERS NEW WAY TO SAVE MONEY

In September 2010, ERS added a new benefit for employees, retirees, and their dependents. ERS consolidated and added to the discounts and special offers available to state employees and retirees by creating the online Discount Purchase Program at www.discountprogramERS.com, which is administered by Beneplace. This online program offers discounts on computers, cell phones, concert tickets, and many other products and services. There is no enrollment or membership fee.

The initial response has been positive—the employee website had about 334,000 page views in its first month, while the retiree website had about 15,000. Offers change on a regular basis, as seasonal discounts and new vendors are added. The site gives employees, retirees, and their dependents a chance to save money, helping offset a portion of the financial burden of plan changes enacted in 2010 and in the future.

“During this time I have come to greatly appreciate the value of my health benefits.

Not only have they helped me maintain a healthy lifestyle, they’ve helped me reach my goal of completing 50 marathons in 50 states!”

—Al C.

INSURANCE AND COST CONTAINMENT

Because health insurance is a significant expense for the State of Texas, it's important to know the State is getting the most out of every health care dollar. Through tough cost-management practices, aggressive contract negotiation, and low administrative overhead, ERS saved the state \$6.6 billion in FY10 and created a positive return on the state's investment in health insurance benefits.

ERS manages health benefits for more than half a million public employees, retirees, and their families through the Texas Employees Group Benefits Program (GBP) – that's 1 in every 46 Texans. About 94% of all health plan participants are enrolled in HealthSelect.

REASONABLE COST

The rest are enrolled in one of two available Health Maintenance Organizations (HMOs).

A recent national recession, increasing state budget pressures, and a newly enacted federal health reform bill make cost management more important than ever.

After several years of revenue falling short of costs, the GBP contingency fund was exhausted in FY10, and the plan made benefit changes to pass on about \$140 million in costs to its users. Before taking action, ERS surveyed all its members, and 40,000 replied. As a result, the changes balanced cost increases with member preferences.

Cost concerns are not unique to the GBP; all health plans experience year-over-year cost increases. At 9.1%, the GBP cost trend is lower than the national trend of 10.3%. But with no increase in state funding for the plan expected and no contingency fund, employees and retirees can expect more changes in the coming years.

Tracking the financial impact of FY2011 changes and any future state or federal changes to the plan is a top priority. Federal health reform legislation creates new costs for the plan, most notably the requirement to cover dependents up to age 26 and preventive care at no cost to all participants. But it also has increased revenue. The GBP qualified for \$21 million for FY10 early retiree expenses and is slated to receive an estimated \$60 million in FY11, which could more than offset new costs. In addition, starting in FY11 no-cost preventive care will help offset increased member costs in other areas.

REASONABLE COST

HealthSelect is not an insurance company—it's a self-funded insurance plan. This means that everyone shares in the savings when claims costs are low and must pay more when claims costs are high.

Under the new federal health reform bill, insurers of large plans must spend 85 cents of every health care dollar on health care costs. ERS far exceeds this standard, with 97 cents of every HealthSelect dollar going to pay health care costs.

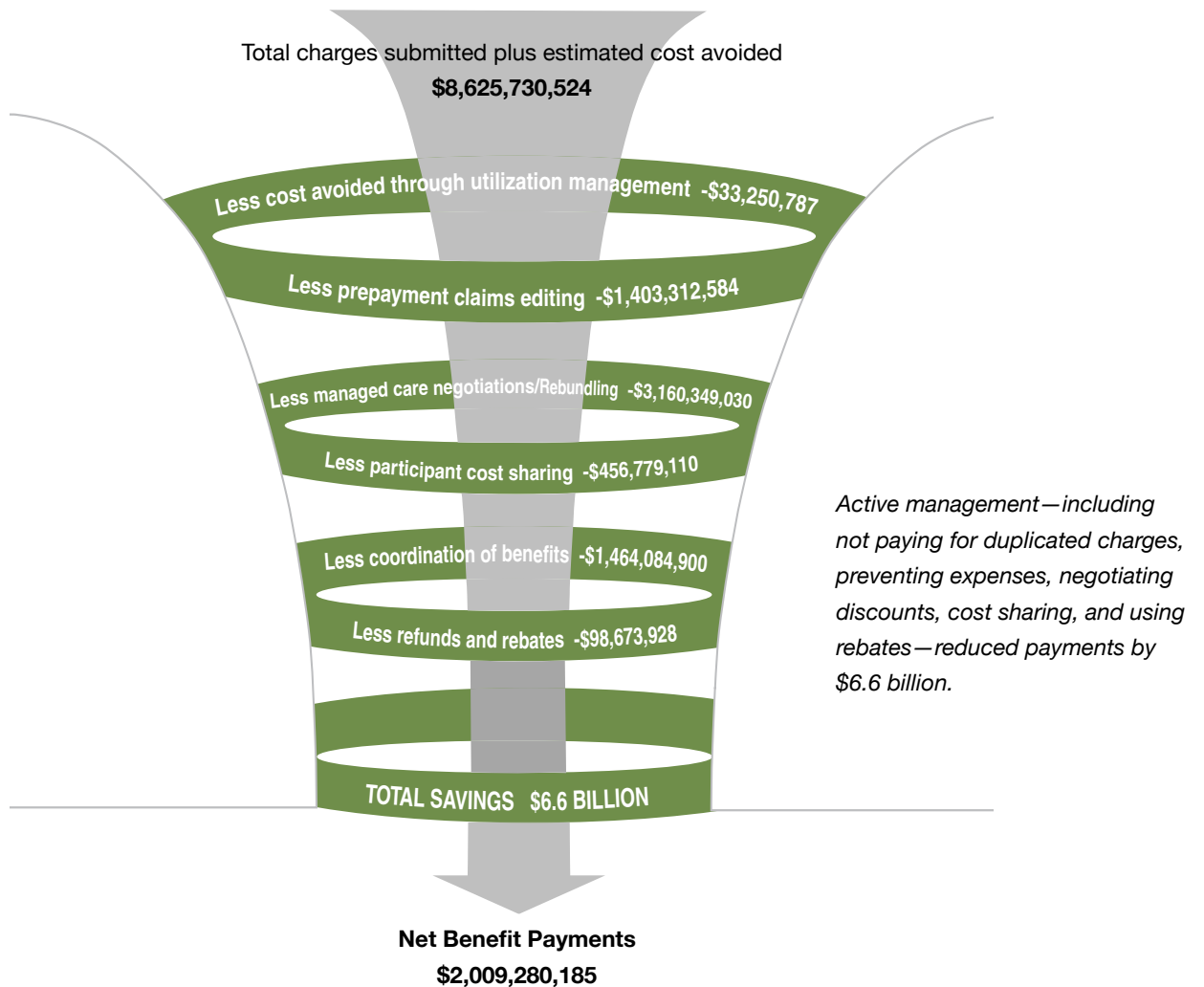


In a survey conducted in spring 2010, GBP members said they preferred to pay more to maintain choice. As a result, ERS designed increases that maintained a balance between costs and choice. ERS carefully designed certain cost increases to encourage cost-effective choices, such as decreased use of emergency rooms. A \$50 urgent-care copay was created while the ER copay increased to \$150 to steer members toward more appropriate levels of care.

Concerns about rising costs are not unique to ERS. They mirror those for other health plans in Texas and the United States. ERS continuously monitors GBP funding and communicates regularly with legislators, GBP members, and other stakeholders so that no one is taken by surprise when changes are necessary.

TEXAS EMPLOYEES GROUP BENEFITS PROGRAM

HealthSelect FY10



ECONOMIC IMPACT

While Texas face a significant budget deficit in the next biennium, limited economic growth did help Texas end the year in better shape than most other states. One thing that has helped keep the Texas economy strong is the fact that most of the money from each ERS program goes right back to Texans. Hospitals,

pharmacies, and doctor's offices benefit from member health benefit claims. And just about every time retirees, their spouses, or their families spend money from an ERS annuity payment, they spend it in Texas. The following chart shows how ERS programs benefit health care providers and businesses in all 254 counties of Texas.

COUNTY	ERS MEMBERS	NUMBER OF ANNUITANTS	FY2010 ANNUITY PAYMENTS	HEALTHSELECT PARTICIPANTS	HEALTHSELECT PLAN PAYMENTS	PHARMACY PLAN PAYMENTS	TOTAL PAYMENTS IN COUNTY
ANDERSON	1,973	994	\$15,684,202	5,392	\$17,516,920	\$5,281,658	\$38,482,780
ANDREWS	34	22	\$369,173	148	\$330,142	\$112,542	\$811,857
ANGELINA	1,481	665	\$11,245,578	4,298	\$18,253,531	\$3,347,959	\$32,847,068
ARANSAS	141	115	\$2,198,002	413	\$1,159,810	\$522,288	\$3,880,100
ARCHER	172	132	\$2,602,652	301	\$860,220	\$293,868	\$3,756,740
ARMSTRONG	12	13	\$245,121	127	\$221,620	\$103,606	\$570,347
ATASCOSA	241	122	\$2,778,404	556	\$1,536,869	\$575,556	\$4,890,829
AUSTIN	359	174	\$3,389,153	814	\$3,040,216	\$771,262	\$7,200,631
BAILEY	17	20	\$407,460	74	\$217,640	\$95,498	\$720,598
BANDERA	99	71	\$1,399,546	325	\$1,026,510	\$367,923	\$2,793,979
BASTROP	1,273	950	\$21,447,611	4,824	\$20,137,369	\$5,324,488	\$46,909,468
BAYLOR	47	39	\$733,640	190	\$598,789	\$218,753	\$1,551,182
BEE	1,435	210	\$2,756,362	3,446	\$12,844,781	\$2,030,095	\$17,631,238
BELL	1,737	832	\$14,898,820	989	\$2,397,008	\$670,215	\$17,966,043
BEXAR	6,053	3,331	\$67,293,614	13,258	\$36,523,610	\$13,675,077	\$117,492,301
BLANCO	69	83	\$1,773,501	344	\$871,071	\$373,375	\$3,017,947
BORDEN	10	4	\$76,173	30	\$452,939	\$22,194	\$551,306
BOSQUE	100	99	\$1,721,199	197	\$429,035	\$182,515	\$2,332,749
BOWIE	696	254	\$5,337,987	2,212	\$6,545,592	\$1,588,810	\$13,472,389
BRAZORIA	1,439	779	\$13,588,792	7,239	\$26,019,765	\$6,307,061	\$45,915,618
BRAZOS	847	502	\$11,298,627	1,452	\$3,508,227	\$1,206,530	\$16,013,384
BREWSTER	92	54	\$1,363,696	1,048	\$3,696,728	\$767,851	\$5,828,275
BRISCOE	36	16	\$237,077	149	\$1,071,401	\$83,284	\$1,391,762
BROOKS	37	31	\$639,534	148	\$310,335	\$104,386	\$1,054,255
BROWN	620	356	\$6,698,275	1,810	\$5,667,697	\$1,918,237	\$14,284,209
BURLESON	156	119	\$2,265,528	250	\$498,034	\$258,913	\$3,022,475
BURNET	231	370	\$9,216,207	762	\$3,362,925	\$1,143,145	\$13,722,277
CALDWELL	285	231	\$5,358,721	1,980	\$7,449,545	\$1,638,681	\$14,446,947
CALHOUN	54	38	\$842,463	203	\$455,202	\$219,539	\$1,517,204
CALLAHAN	196	171	\$3,006,653	768	\$2,575,520	\$663,296	\$6,245,469
CAMERON	1,612	795	\$15,124,241	5,747	\$12,672,202	\$3,317,862	\$31,114,305
CAMP	33	27	\$569,200	205	\$678,298	\$183,468	\$1,430,966

COUNTY	ERS MEMBERS	NUMBER OF ANNUITANTS	FY2010 ANNUITY PAYMENTS	HEALTHSELECT PARTICIPANTS	HEALTHSELECT PLAN PAYMENTS	PHARMACY PLAN PAYMENTS	TOTAL PAYMENTS IN COUNTY
CARSON	38	21	\$324,826	265	\$1,293,420	\$215,271	\$1,833,517
CASS	274	215	\$5,009,381	1,032	\$3,015,848	\$904,338	\$8,929,567
CASTRO	46	16	\$274,373	138	\$516,822	\$151,584	\$942,779
CHAMBERS	100	62	\$984,463	274	\$744,160	\$248,931	\$1,977,554
CHEROKEE	1,386	976	\$15,238,578	4,219	\$15,389,664	\$4,344,366	\$34,972,608
CHILDRESS	353	163	\$3,291,776	878	\$2,141,976	\$697,777	\$6,131,529
CLAY	122	78	\$1,395,412	390	\$1,290,035	\$430,080	\$3,115,527
COCHRAN	16	9	\$196,931	71	\$141,835	\$52,986	\$391,752
COKE	17	18	\$332,634	108	\$394,690	\$85,733	\$813,057
COLEMAN	59	59	\$1,230,579	262	\$926,575	\$265,917	\$2,423,071
COLLIN	598	360	\$7,932,247	4,781	\$17,550,300	\$5,133,105	\$30,615,652
COLLINGSWORTH	39	35	\$671,107	181	\$867,866	\$151,989	\$1,690,962
COLORADO	67	85	\$1,944,856	456	\$1,356,802	\$389,384	\$3,691,042
COMAL	363	320	\$7,474,332	2,111	\$6,433,393	\$2,155,199	\$16,062,924
COMANCHE	59	80	\$1,477,087	246	\$880,418	\$270,290	\$2,627,795
CONCHO	12	16	\$424,214	92	\$290,770	\$79,894	\$794,878
COOKE	343	214	\$3,678,511	1,372	\$5,718,198	\$1,228,844	\$10,625,553
CORYELL	1,501	864	\$13,162,931	564	\$1,638,873	\$385,914	\$15,187,718
COTTLE	26	16	\$336,020	180	\$563,931	\$138,712	\$1,038,663
CRANE	19	8	\$186,555	57	\$114,819	\$32,141	\$333,515
CROCKETT	30	22	\$486,941	121	\$360,495	\$128,790	\$976,226
CROSBY	37	28	\$570,738	215	\$744,120	\$191,767	\$1,506,625
CULBERSON	25	17	\$310,038	101	\$304,878	\$54,416	\$669,332
DALLAM	130	43	\$591,741	454	\$1,021,177	\$401,797	\$2,014,715
DALLAS	4,070	1,588	\$36,137,004	15,911	\$55,937,685	\$14,972,006	\$107,046,695
DAWSON	363	48	\$855,246	913	\$2,343,063	\$508,012	\$3,706,321
DEAF SMITH	47	23	\$578,256	251	\$706,085	\$240,370	\$1,524,711
DELTA	25	36	\$789,701	125	\$311,675	\$205,946	\$1,307,322
DENTON	2,035	739	\$12,248,104	14,621	\$48,319,328	\$13,733,296	\$74,300,728
DEWITT	254	119	\$2,318,990	654	\$3,167,379	\$547,845	\$6,034,214
DICKENS	13	14	\$222,380	80	\$171,961	\$49,987	\$444,328
DIMMIT	78	29	\$528,112	268	\$868,256	\$83,595	\$1,479,963
DONLEY	33	29	\$578,964	298	\$564,000	\$294,281	\$1,437,245
DUVAL	76	54	\$912,338	316	\$1,036,077	\$241,363	\$2,189,778
EASTLAND	136	88	\$1,735,047	821	\$3,389,514	\$770,298	\$5,894,859
ECTOR	428	197	\$4,303,040	2,495	\$7,538,389	\$2,417,467	\$14,258,896
EDWARDS	12	12	\$235,593	61	\$61,597	\$36,302	\$333,492
ELLIS	307	170	\$3,593,878	12,397	\$36,000,069	\$7,909,748	\$47,503,695
EL PASO	3,141	976	\$20,210,922	1,565	\$5,073,488	\$1,204,321	\$26,488,731
ERATH	110	117	\$2,596,258	473	\$1,793,639	\$539,525	\$4,929,422
FALLS	427	116	\$2,042,392	316	\$1,027,135	\$153,532	\$3,223,059
FANNIN	376	128	\$2,255,786	1,044	\$4,168,737	\$892,318	\$7,316,841
FAYETTE	122	146	\$3,186,680	695	\$1,812,056	\$668,709	\$5,667,445

COUNTY	ERS MEMBERS	NUMBER OF ANNUITANTS	FY2010 ANNUITY PAYMENTS	HEALTHSELECT PARTICIPANTS	HEALTHSELECT PLAN PAYMENTS	PHARMACY PLAN PAYMENTS	TOTAL PAYMENTS IN COUNTY
FISHER	67	25	\$399,716	222	\$771,121	\$143,262	\$1,314,099
FLOYD	70	26	\$534,785	266	\$485,486	\$227,071	\$1,247,342
FOARD	39	24	\$361,474	133	\$366,470	\$89,047	\$816,991
FORT BEND	3,055	1,144	\$20,715,314	9,865	\$30,925,145	\$6,818,070	\$58,458,529
FRANKLIN	57	35	\$841,656	215	\$747,954	\$248,937	\$1,838,547
FREESTONE	502	256	\$3,495,453	1,285	\$4,311,328	\$1,060,064	\$8,866,845
FRIO	210	77	\$1,412,599	664	\$1,685,580	\$454,340	\$3,552,519
GAINES	34	7	\$118,663	99	\$165,352	\$47,223	\$331,238
GALVESTON	1,040	500	\$10,038,148	5,284	\$18,259,323	\$4,673,824	\$32,971,295
GARZA	25	38	\$713,417	167	\$284,475	\$131,946	\$1,129,838
GILLESPIE	102	195	\$3,975,781	649	\$1,584,046	\$954,701	\$6,514,528
GLASSCOCK	3	2	\$23,109	10	\$30,826	\$8,160	\$62,095
GOLIAD	94	59	\$1,187,424	321	\$1,236,797	\$277,554	\$2,701,775
GONZALES	77	96	\$2,120,083	456	\$1,565,817	\$536,876	\$4,222,776
GRAY	291	106	\$1,597,972	830	\$2,948,698	\$731,525	\$5,278,195
GRAYSON	390	284	\$5,639,809	2,105	\$7,307,626	\$2,047,601	\$14,995,036
GREGG	329	276	\$5,930,022	1,882	\$4,854,328	\$2,184,028	\$12,968,378
GRIMES	414	137	\$2,031,917	778	\$2,625,489	\$805,701	\$5,463,107
GUADALUPE	296	245	\$5,252,737	1,381	\$4,087,770	\$1,582,237	\$10,922,744
HALE	453	102	\$1,696,698	1,346	\$3,545,382	\$885,798	\$6,127,878
HALL	71	21	\$313,254	187	\$524,985	\$222,068	\$1,060,307
HAMILTON	120	77	\$1,475,037	147	\$572,258	\$185,482	\$2,232,777
HANSFORD	5	6	\$117,812	41	\$71,643	\$35,878	\$225,333
HARDEMAN	130	66	\$1,017,507	389	\$1,310,206	\$437,640	\$2,765,353
HARDIN	274	170	\$3,762,271	1,450	\$4,741,535	\$1,747,260	\$10,251,066
HARRIS	8,967	2,829	\$60,410,624	43,206	\$150,959,666	\$35,553,678	\$246,923,968
HARRISON	187	137	\$2,731,876	746	\$2,304,855	\$792,402	\$5,829,133
HARTLEY	51	5	\$47,759	47	\$172,662	\$28,641	\$249,062
HASKELL	50	41	\$928,356	215	\$645,004	\$208,763	\$1,782,123
HAYS	1,729	1,090	\$28,995,531	10,905	\$33,306,354	\$9,930,469	\$72,232,354
HEMPHILL	8	6	\$118,798	60	\$179,531	\$113,654	\$411,983
HENDERSON	575	323	\$5,741,892	2,246	\$7,827,619	\$2,298,235	\$15,867,746
HIDALGO	2,865	983	\$21,842,611	10,134	\$22,781,638	\$5,343,827	\$49,968,076
HILL	143	132	\$2,338,618	731	\$2,451,113	\$681,487	\$5,471,218
HOCKLEY	106	48	\$1,116,210	1,361	\$4,047,633	\$1,261,694	\$6,425,537
HOOD	93	117	\$2,520,820	619	\$2,451,654	\$1,042,880	\$6,015,354
HOPKINS	171	130	\$2,895,116	682	\$1,421,837	\$713,014	\$5,029,967
HOUSTON	909	389	\$6,502,780	2,453	\$9,092,377	\$1,881,793	\$17,476,950
HOWARD	598	341	\$5,112,003	2,053	\$7,051,805	\$1,673,179	\$13,836,987
HUDSPETH	22	19	\$350,541	98	\$264,181	\$73,618	\$688,340
HUNT	277	328	\$5,673,241	782	\$2,557,921	\$895,413	\$9,126,575
HUTCHINSON	101	37	\$774,948	573	\$1,679,834	\$527,064	\$2,981,846
IRION	5	5	\$113,910	39	\$51,174	\$20,689	\$185,773
JACK	36	44	\$1,004,208	197	\$523,796	\$225,750	\$1,753,754

COUNTY	ERS MEMBERS	NUMBER OF ANNUITANTS	FY2010 ANNUITY PAYMENTS	HEALTHSELECT PARTICIPANTS	HEALTHSELECT PLAN PAYMENTS	PHARMACY PLAN PAYMENTS	TOTAL PAYMENTS IN COUNTY
JACKSON	47	43	\$1,082,800	232	\$758,684	\$204,868	\$2,046,352
JASPER	380	152	\$2,902,714	1,138	\$3,585,476	\$878,619	\$7,366,809
JEFF DAVIS	67	42	\$847,740	217	\$606,099	\$182,866	\$1,636,705
JEFFERSON	2,044	738	\$14,077,265	7,529	\$25,100,845	\$6,679,988	\$45,858,098
JIM HOGG	32	35	\$724,560	155	\$481,298	\$128,082	\$1,333,940
JIM WELLS	223	106	\$2,014,378	774	\$2,088,801	\$589,724	\$4,692,903
JOHNSON	310	273	\$5,768,349	1,780	\$6,469,597	\$1,796,081	\$14,034,027
JONES	269	122	\$2,038,701	762	\$2,099,307	\$589,513	\$4,727,521
KARNES	337	77	\$1,355,974	895	\$2,918,575	\$740,062	\$5,014,611
KAUFMAN	688	343	\$5,923,869	2,610	\$10,967,714	\$2,372,628	\$19,264,211
KENDALL	63	74	\$1,584,235	442	\$1,025,969	\$670,126	\$3,280,330
KENEDY	3	3	\$66,733	8	\$211,963	\$11,339	\$290,035
KENT	7	12	\$259,542	29	\$64,270	\$23,106	\$346,918
KERR	576	548	\$9,901,910	1,817	\$5,042,468	\$2,127,023	\$17,071,401
KIMBLE	47	51	\$1,240,171	238	\$497,878	\$200,465	\$1,938,514
KING	4	2	\$53,302	17	\$48,297	\$18,680	\$120,279
KINNEY	20	19	\$532,438	107	\$289,565	\$102,905	\$924,908
KLEBERG	131	69	\$1,337,061	428	\$1,345,941	\$317,044	\$3,000,046
KNOX	29	32	\$675,099	118	\$720,586	\$141,625	\$1,537,310
LAMAR	281	284	\$6,823,836	1,463	\$559,430	\$1,613,230	\$8,996,496
LAMB	71	27	\$667,320	275	\$5,059,258	\$203,217	\$5,929,795
LAMPASAS	251	131	\$2,770,020	260	\$530,941	\$403,089	\$3,704,050
LA SALLE	118	46	\$916,036	355	\$748,240	\$236,724	\$1,901,000
LAVACA	198	193	\$5,119,645	1,045	\$3,066,947	\$1,047,412	\$9,234,004
LEE	355	220	\$4,420,418	949	\$3,780,325	\$922,076	\$9,122,819
LAMB	71	27	\$667,320	275	\$5,059,258	\$203,217	\$5,929,795
LAMPASAS	251	131	\$2,770,020	260	\$530,941	\$403,089	\$3,704,050
LA SALLE	118	46	\$916,036	355	\$748,240	\$236,724	\$1,901,000
LAVACA	198	193	\$5,119,645	1,045	\$3,066,947	\$1,047,412	\$9,234,004
LEE	355	220	\$4,420,418	949	\$3,780,325	\$922,076	\$9,122,819
LEON	233	192	\$3,134,445	1,004	\$4,141,087	\$926,667	\$8,202,199
LIBERTY	575	175	\$2,960,852	1,823	\$5,703,611	\$1,461,253	\$10,125,716
LIMESTONE	989	623	\$8,722,765	2,393	\$9,712,841	\$2,530,259	\$20,965,865
LIPSCOMB	5	5	\$61,241	39	\$24,446	\$15,978	\$101,665
LIVE OAK	90	58	\$1,017,646	312	\$1,004,704	\$265,178	\$2,287,528
LLANO	59	160	\$3,672,965	413	\$1,318,581	\$769,134	\$5,760,680
LUBBOCK	2,530	978	\$19,987,997	20,993	\$68,356,754	\$18,001,943	\$106,346,694
LYNN	51	23	\$456,076	209	\$549,849	\$141,304	\$1,147,229
MADISON	422	197	\$3,028,446	1,003	\$4,500,409	\$700,624	\$8,229,479
MARION	34	23	\$576,664	148	\$328,894	\$205,051	\$1,110,609
MARTIN	24	10	\$233,434	92	\$190,528	\$73,720	\$497,682
MASON	21	33	\$841,455	118	\$333,978	\$167,442	\$1,342,875
MATAGORDA	138	93	\$1,921,622	531	\$2,352,893	\$496,426	\$4,770,941

COUNTY	ERS MEMBERS	NUMBER OF ANNUITANTS	FY2010 ANNUITY PAYMENTS	HEALTHSELECT PARTICIPANTS	HEALTHSELECT PLAN PAYMENTS	PHARMACY PLAN PAYMENTS	TOTAL PAYMENTS IN COUNTY
MAVERICK	145	78	\$1,558,018	603	\$1,250,133	\$244,051	\$3,052,202
MCCULLOCH	42	61	\$1,383,052	216	\$477,619	\$222,836	\$2,083,507
MCLENNAN	1,562	887	\$20,290,568	2,841	\$8,727,861	\$2,954,907	\$31,973,336
MCMULLEN	22	8	\$163,041	65	\$137,257	\$23,473	\$323,771
MEDINA	426	202	\$4,140,866	832	\$2,264,579	\$739,400	\$7,144,845
MENARD	9	12	\$241,575	48	\$69,164	\$19,700	\$330,439
MIDLAND	528	214	\$5,153,269	2,450	\$7,829,380	\$2,630,063	\$15,612,712
MILAM	140	119	\$2,417,787	240	\$745,814	\$274,371	\$3,437,972
MILLS	47	33	\$725,357	70	\$142,615	\$54,927	\$922,899
MITCHELL	278	76	\$943,474	767	\$2,329,303	\$461,365	\$3,734,142
MONTAGUE	78	87	\$2,084,627	382	\$1,492,106	\$360,265	\$3,936,998
MONTGOMERY	1,284	635	\$12,160,306	6,414	\$20,200,129	\$6,159,218	\$38,519,653
MOORE	58	20	\$285,519	249	\$505,908	\$215,749	\$1,007,176
MORRIS	82	48	\$964,019	353	\$879,016	\$386,914	\$2,229,949
MOTLEY	14	11	\$237,848	71	\$271,808	\$48,805	\$558,461
NACOGDOCHES	331	274	\$5,430,258	4,321	\$13,068,893	\$3,907,809	\$22,406,960
NAVARRO	392	232	\$4,285,685	1,728	\$6,165,982	\$1,768,905	\$12,220,572
NEWTON	53	45	\$866,261	212	\$912,117	\$254,103	\$2,032,481
NOLAN	155	60	\$1,225,639	763	\$2,270,128	\$591,952	\$4,087,719
NUECES	2,149	957	\$18,033,689	6,904	\$20,966,807	\$5,679,551	\$44,680,047
OCHILTREE	14	10	\$269,272	73	\$95,970	\$73,769	\$439,011
OLDHAM	11	8	\$123,718	100	\$183,035	\$135,990	\$442,743
ORANGE	295	155	\$3,227,439	1,383	\$5,079,216	\$1,478,683	\$9,785,338
PALOPINTO	101	97	\$2,143,324	481	\$1,366,500	\$507,448	\$4,017,272
PANOLA	58	67	\$1,395,799	452	\$1,716,023	\$689,040	\$3,800,862
PARKER	231	185	\$4,456,451	1,635	\$5,166,964	\$1,743,527	\$11,366,942
PARMER	24	8	\$237,274	87	\$320,330	\$59,291	\$616,895
PECOS	363	87	\$1,367,371	942	\$2,061,783	\$481,216	\$3,910,370
POLK	753	293	\$4,897,813	2,141	\$6,983,955	\$1,580,472	\$13,462,240
POTTER	1,079	356	\$6,129,744	3,533	\$11,400,570	\$2,828,699	\$20,359,013
PRESIDIO	74	33	\$655,893	249	\$399,702	\$131,048	\$1,186,643
RAINS	41	41	\$751,277	160	\$441,136	\$146,819	\$1,339,232
RANDALL	1,204	560	\$11,715,024	4,755	\$14,544,515	\$4,702,333	\$30,961,872
REAGAN	8	4	\$67,532	21	\$48,973	\$13,366	\$129,871
REAL	31	22	\$466,192	105	\$275,638	\$133,832	\$875,662
RED RIVER	112	81	\$1,819,408	440	\$1,598,131	\$451,742	\$3,869,281
REEVES	76	47	\$995,847	260	\$669,882	\$193,535	\$1,859,264
REFUGIO	61	28	\$536,567	227	\$901,278	\$226,501	\$1,664,346
ROBERTS	2	7	\$128,104	40	\$139,828	\$10,776	\$278,708
ROBERTSON	124	99	\$2,242,404	214	\$695,400	\$246,334	\$3,184,138
ROCKWALL	145	66	\$1,925,702	803	\$3,503,619	\$781,005	\$6,210,326
RUNNELS	51	50	\$1,022,185	279	\$651,421	\$203,966	\$1,877,572
RUSK	181	152	\$2,940,812	753	\$1,959,285	\$828,198	\$5,728,295
SABINE	47	56	\$1,115,439	201	\$796,220	\$261,219	\$2,172,878

COUNTY	ERS MEMBERS	NUMBER OF ANNUITANTS	FY2010 ANNUITY PAYMENTS	HEALTHSELECT PARTICIPANTS	HEALTHSELECT PLAN PAYMENTS	PHARMACY PLAN PAYMENTS	TOTAL PAYMENTS IN COUNTY
SAN AUGUSTINE	49	40	\$760,008	218	\$663,743	\$192,874	\$1,616,625
SAN JACINTO	368	135	\$2,295,935	887	\$3,362,478	\$1,389,793	\$7,048,206
SAN PATRICIO	403	187	\$4,223,445	1,465	\$4,229,987	\$1,124,013	\$9,577,445
SAN SABA	111	56	\$1,125,513	238	\$539,634	\$174,690	\$1,839,837
SCHLEICHER	11	7	\$197,710	44	\$77,273	\$32,923	\$307,906
SCURRY	305	115	\$1,701,224	1,110	\$4,221,057	\$960,899	\$6,883,180
SHACKELFORD	49	15	\$266,822	172	\$664,772	\$196,057	\$1,127,651
SHELBY	62	72	\$1,539,816	400	\$1,287,113	\$347,606	\$3,174,535
SHERMAN	9	8	\$73,283	56	\$179,764	\$82,787	\$335,834
SMITH	1,203	736	\$16,205,298	5,140	\$15,979,711	\$5,355,924	\$37,540,933
SOMERVELL	16	31	\$627,183	139	\$594,898	\$155,006	\$1,377,087
STARR	243	76	\$1,339,545	825	\$2,052,229	\$394,633	\$3,786,407
STEPHENS	134	74	\$1,259,331	378	\$1,707,487	\$345,239	\$3,312,057
STERLING	11	7	\$108,738	35	\$212,774	\$30,396	\$351,908
STONEWALL	21	16	\$332,629	72	\$336,658	\$44,207	\$713,494
SUTTON	21	25	\$520,918	87	\$411,875	\$80,830	\$1,013,623
SWISHER	112	40	\$654,701	375	\$934,340	\$222,734	\$1,811,775
TARRANT	3,678	1,607	\$33,796,148	15,910	\$55,959,779	\$15,281,424	\$105,037,351
TAYLOR	2,713	1,121	\$18,562,140	6,682	\$22,307,772	\$6,289,414	\$47,159,326
TERRELL	20	12	\$219,782	50	\$114,762	\$51,107	\$385,651
TERRY	136	41	\$800,095	439	\$1,616,567	\$323,383	\$2,740,045
THROCKMORTON	18	11	\$193,929	100	\$261,833	\$66,124	\$521,886
TITUS	113	96	\$2,476,543	628	\$1,994,443	\$720,639	\$5,191,625
TOMGREEN	1,216	703	\$13,866,455	4,855	\$15,537,262	\$4,508,268	\$33,911,985
TRAVIS	27,563	11,719	\$305,363,121	58,294	\$193,062,118	\$62,156,445	\$560,581,684
TRINITY	560	284	\$4,570,594	1,747	\$6,855,351	\$1,540,330	\$12,966,275
TYLER	333	149	\$2,233,136	988	\$3,378,168	\$762,187	\$6,373,491
UPSHUR	97	102	\$2,152,154	475	\$1,459,861	\$515,178	\$4,127,193
UPTON	12	14	\$268,336	59	\$155,890	\$48,497	\$472,723
UVALDE	167	131	\$2,865,684	1,275	\$3,431,295	\$902,776	\$7,199,755
VALVERDE	167	140	\$3,294,575	725	\$1,556,928	\$443,579	\$5,295,082
VANZANDT	305	217	\$3,597,047	1,031	\$3,165,543	\$973,169	\$7,735,759
VICTORIA	393	210	\$4,725,519	2,077	\$6,573,762	\$2,029,972	\$13,329,253
WALKER	3,739	1,641	\$32,679,002	11,685	\$40,207,859	\$9,911,323	\$82,798,184
WALLER	122	47	\$865,962	425	\$1,254,325	\$246,590	\$2,366,877
WARD	56	77	\$1,493,138	293	\$907,894	\$239,716	\$2,640,748
WASHINGTON	935	406	\$6,933,154	1,770	\$4,331,895	\$1,558,664	\$12,823,713
WEBB	769	300	\$6,496,855	3,580	\$7,629,058	\$1,944,488	\$16,070,401
WHARTON	204	171	\$3,112,489	1,436	\$5,905,907	\$1,292,211	\$10,310,607
WHEELER	33	19	\$338,896	119	\$281,011	\$94,037	\$713,944
WICHITA	1,969	805	\$13,476,630	6,485	\$24,420,697	\$7,390,913	\$45,288,240
WILBARGER	931	425	\$5,979,623	2,362	\$10,477,000	\$2,643,839	\$19,100,462
WILLACY	115	71	\$1,445,441	465	\$840,622	\$371,280	\$2,657,343

COUNTY	ERS MEMBERS	NUMBER OF ANNUITANTS	FY2010 ANNUITY PAYMENTS	HEALTHSELECT PARTICIPANTS	HEALTHSELECT PLAN PAYMENTS	PHARMACY PLAN PAYMENTS	TOTAL PAYMENTS IN COUNTY
WILLIAMSON	4,780	2,522	\$64,938,906	16,624	\$55,379,784	\$16,568,196	\$136,886,886
WILSON	232	178	\$3,342,826	728	\$1,889,025	\$592,742	\$5,824,593
WICHITA	1,969	805	\$13,476,630	6,485	\$24,420,697	\$7,390,913	\$45,288,240
WILBARGER	931	425	\$5,979,623	2,362	\$10,477,000	\$2,643,839	\$19,100,462
WILLACY	115	71	\$1,445,441	465	\$840,622	\$371,280	\$2,657,343
WILLIAMSON	4,780	2,522	\$64,938,906	16,624	\$55,379,784	\$16,568,196	\$136,886,886
WILSON	232	178	\$3,342,826	728	\$1,889,025	\$592,742	\$5,824,593
WINKLER	18	24	\$305,480	85	\$310,202	\$88,321	\$704,003
WISE	128	106	\$2,100,132	816	\$4,497,452	\$806,735	\$7,404,319
WOOD	207	173	\$3,159,878	865	\$3,567,940	\$952,702	\$7,680,520
YOAKUM	12	12	\$228,195	54	\$139,999	\$41,784	\$409,978
YOUNG	91	63	\$1,334,745	381	\$1,527,237	\$431,216	\$3,293,198
ZAPATA	28	18	\$398,965	126	\$256,465	\$76,406	\$731,836
ZAVALA	82	32	\$608,881	302	\$468,939	\$197,767	\$1,275,587
GRAND TOTAL FOR TEXAS	144,014	69,021	\$1,447,812,402	496,051	\$1,623,174,523	\$452,835,301	\$3,523,822,226

“Our work is before us. It cannot be passed to future legislatures and must not be passed to future generations. May we boldly seize the moment with singular unity.

And may we build a Texas of unlimited possibility.”

—Rick Perry, Governor of Texas

ERS maintained a strong retirement plan and health insurance plan during a volatile decade. The retirement plan weathered a severe drop in investment returns, funding below normal cost and an increase of more than 60% in state employee retirements. But the financial status of the retirement plan will decline and eventually become unsustainable if the imbalance between ERS’ assets and liability is not corrected. The only ways to ensure long-term sustainability are to increase assets through higher contributions and investment earnings, lower liability through benefit changes, or create a combination of the two.

normal cost of benefits, it is not enough to pay outstanding liabilities to meet the actuarially sound standard under Texas law. ERS requested exceptions of \$381 million to receive the constitutional maximum contribution rate of 10%, based on its August 31, 2010 actuarial valuation. For ERS to meet Texas’ actuarially sound standard, the Legislature would need to increase the contribution rate by an additional 0.57% of payroll, or \$67 million above the exceptional item request. This, however, would exceed the constitutional limit. As a result, the choices made by the 2011 Texas Legislature, as well as the amount of state money available, will dictate much of how ERS is able to address these challenges.

LOOKING AHEAD

ERS faces many challenges ahead. In House Bill 1, the 82nd Texas Legislature appropriated \$592 million less than the base funding request for insurance for the 2012-13 biennium - the funding needed to maintain plan benefits as they are today. More would be needed to fund the 60-day reserve fund. ERS’ base funding requests for retirement for 2012-13 were at the state contribution rates currently in place. Although this request covers the

The state health care and retirement plans, however, remain a good investment. The trust fund invests in Texas businesses, and retirees spend the vast majority of their retirement funds in Texas. The benefits provide a significant economic benefit in every community in Texas, from small towns to big cities, every time a participant pays for health care services. ERS will continue to work with the Texas Legislature to evaluate and adjust benefits to ensure the plans remain cost-effective and affordable.

LOOKING AHEAD

While the burden created by poorly constructed benefit plans created good cause for concern in many statehouses across the nation, Texas long ago had the foresight to craft cost-effective health insurance and retirement plans. ERS continues to work with state officials, retiree and employee groups, and members to adjust the plans and ensure that they balance participant needs with available resources.

Our focus has always been on meeting the long-term needs of both members and taxpayers.

We believe the State of Texas, its employees, retirees, and their families are now, and have always been, a good investment. They—like all Texans—deserve a retirement plan and a health insurance plan that allows them to meet current needs and plan for the future.



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