

## 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 If you are in Group 1, 2 or 3, you may be able to buy back your withdrawn service credit, but buying withdrawn service credit does not return you to your former group.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 You would remain in Group 2 even if you buy your withdrawn service credit.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<br>Started before<br>Sept. 1, 2009  | GROUP 2<br>Started Sept. 1, 2009<br>– Aug. 31, 2013   | GROUP 3<br>Started Sept. 1, 2013<br>– Aug. 31, 2022   | GROUP 4<br>Started on or after<br>Sept. 1, 2022   |
|---|---|---|---|---|
| <b>RETIREMENT PREPARATION</b>   |   |   |   |   |
| <b>Employee Contributions</b><br>(based on current legislation and subject to change)   | 9.5% of salary  | 9.5% of salary  | 9.5% of salary  | 6% of salary  |
| <b>State / Employer Commitment</b><br>(based on current legislation and subject to change)  | 10% of salary   | 10% of salary   | 10% of salary   | 10% of salary   |
| <b>Guaranteed Interest Earnings during Career</b>   | 2% per year, applicable only to funds withdrawn after leaving state employment before retirement eligibility  | 2% per year, applicable only to funds withdrawn after leaving state employment before retirement eligibility  | 2% per year, applicable only to funds withdrawn after leaving state employment before retirement eligibility  | 4% per year   |
| <b>Potential for Gain-sharing during Career</b>   | Not applicable  | Not applicable  | Not applicable  | Possibility of up to an additional 3% interest per year, depending on ERS' investment performance   |
| <b>Can Buy Service Credit to Reach Eligibility and/or Increase Annuity</b>  | Yes   | Yes   | Yes   | No (unless no longer an ERS member and participating in a Proportionate Retirement Program system)  |
| <b>RETIREMENT ELIGIBILITY</b>   |   |   |   |   |
| <b>Minimum Service and Age to Retire with No Insurance Benefits</b>   | • Five years of service credit and<br>• Age 60  | Not available   | Not available   | • Five years of service credit and<br>• Age 65  |
| <b>Minimum Service and Age to Retire with Insurance Benefits</b>  | • 10 years of service credit and<br>• Age 65 or Rule of 80  | • 10 years of service credit and<br>• Age 65 or Rule of 80  | • 10 years of service credit and<br>• Age 65 or Rule of 80  | • 10 years of service credit and<br>• Age 65 or Rule of 80  |
| <b>Unused Leave to Reach Eligibility</b>  | Yes   | No  | No  | No  |
| <b>RETIREMENT ANNUITY</b>   |   |   |   |   |
| <b>Calculation</b><br><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<br>x<br>36-month highest average salary<br>x<br>0.023<br>(2.3% multiplier) | Years and months of service credit<br>x<br>48-month highest average salary<br>x<br>0.023<br>(2.3% multiplier) | Years and months of service credit<br>x<br>60-month highest average salary<br>x<br>0.023<br>(2.3% multiplier) | Based on total account balance at retirement, inc.:<br>• Employee's contributions<br>• 4% annual interest<br>• Any gain-sharing<br>• 150% match |
| <b>Permanent Age-based Annuity Reduction</b>  | No reduction  | 5% every year under age 60, 25% cap   | 5% every year under age 62, no cap  | Factored into calculation   |
| <b>Unused Leave to Increase Annuity</b>   | Yes   | Yes   | Yes (only if not taken as lump-sum payment)   | No  |
| <b>Annuity Increases after Retirement</b>   | 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  |
|--|---|--|
| <b>Regular state employee</b>  | Yes   | Yes  |
| <b>Waiting period</b>  | Yes<br>(Service doesn’t have to be purchased.)  | Yes  |
| <b>Refunded service</b>  | Yes<br>(Service doesn’t have to be purchased.)  | Yes  |
| <b>Additional Service Credit (ASC)</b>   | No<br>(Members already need 10 years to purchase ASC.)                                    | Yes  |
| <b>Military service</b>  | No<br>(Military service isn’t creditable until a member has five years of state service.) | Yes  |
| <b>Proportionate Retirement Program (PRP)</b>  | No  | No   |
| <b>Texas Governmental Entity (TGE)</b>   | No  | No   |
| <b>Teacher Retirement System (TRS) service from a GBP-participating agency or institution</b>  | Yes   | Yes  |
| <b>TRS service from a non-GBP-participating institution (example: independent school district (ISD))</b>   | No  | Yes, if transferring service to ERS at retirement; transferred service is used to determine the state’s premium contribution |
| <b>Optional Retirement Program (ORP) service from a GBP-participating agency or institution</b>  | Yes   | Yes  |
| <b>University of Texas or Texas A&amp;M University systems</b>   | No  | Yes, if transferring service to ERS at retirement; transferred service is used to determine the state’s premium contribution |
| <b>Texas Municipal Retirement System (TMRS)</b>  | No, unless employed by TMRS and participating in the GBP                                  | No, unless employed by TMRS and participating in the GBP   |
| <b>Texas County and District Retirement System (TCDRS)</b>   | No, unless employed by TCDRS and participating in the GBP                                 | No, unless employed by TCDRS and participating in the GBP  |
| <b>Community Supervision and Corrections Department (CSCD)</b>   | Yes, if eligible to participate in the GBP  | Yes, if eligible to participate in the GBP   |
| <b>Time covered in the GBP under COBRA or as a dependent</b>   | No  | No   |
| <b>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</b> | No  | No   |

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