

As a State of Texas law enforcement or custodial officer (LECO), you will have access to valuable benefits that include comprehensive health coverage and a defined benefit retirement plan that provides a lifetime annuity after you retire. These benefits are as good as or better than those offered by most private-sector employers. Retirement plans like the State of Texas' are especially hard to find in the private sector.

The cash balance retirement benefit described below, called Group 4, is for LECOs who start on or after September 1, 2022 at agencies that participate in the Employees Retirement System of Texas' (ERS') retirement plan. It not only provides the secure lifetime monthly benefit of a traditional pension, but also includes the opportunity for increases in retirement.

**Please note:** If you were previously employed by an ERS-participating agency in a benefits-eligible position, didn't withdraw your retirement contributions when you left state employment and return to state employment after September 1, 2022, you will stay in your prior ERS retirement group and will not be in Group 4.

## The State of Texas Retirement cash balance benefit

State of Texas LECOs starting on or after September 1, 2022 are automatically enrolled in the state's new Group 4 benefit. The Group 4 benefit is a defined benefit retirement structure, or pension, that provides a retiree with a guaranteed monthly payment for the rest of their life. Because they provide a guaranteed benefit for life, defined benefit retirement plans are especially valuable. They are also increasingly rare. The State of Texas is proud to offer this benefit to LECOs as part of their overall compensation package.

The Group 4 benefit is not a 401(k), although it has some similarities to both a 401(k) and a traditional pension.

The State of Texas cash balance retirement benefit combines the advantages of both a traditional pension and a 401(k) to help provide lifelong financial security after your career.

## How the Group 4 retirement benefit works for LECOs

- **Employee contributions:** During your career with the state, you will contribute 6% of your salary to your "regular" retirement account each month. As a LECO, you also will contribute an additional 2%, also pre-tax, to a supplemental retirement account set up specifically for LECOs. Your contributions come out of your monthly salary before taxes, helping to lower the amount you pay in income taxes.
- **Investment earnings and gain sharing:** Your contributions will go into your personal account. Your account will be included in the ERS' Retirement Trust Fund. ERS' experienced investment professionals invest the entire Trust Fund for steady growth at an acceptable level of risk.  
Your accounts will grow by a guaranteed 4% interest each year. In years when the five-year average of ERS' total Trust Fund investment returns exceeds 4%, your accounts will also get half of the excess return percent as a percentage increase to your account balances—up to 3% additional per year. This possible additional interest is called a "gain share." The gain share is never less than 0% or more than 3% annually. That means your accounts could grow by as much as 7% per year, but never less than 4% per year. This growth continues even if you stop working for the state.
- **Vesting and retirement eligibility:** You will be fully vested in your regular retirement account after contributing to it for five years while you work for a participating state agency. You will be fully vested in your LECO supplemental retirement account after contributing to it for 20 years in a LECO position. "Vested" means that you can begin receiving pension benefits if you meet retirement eligibility. As a LECO, you will contribute to your regular account at the same time you contribute to your LECO account, so you will be vested in your regular account before you are vested in your LECO account.  
The years and months you contribute to your retirement account while working for the state are called "service credit." The years and months you contribute to your LECO retirement account while working for the state in a LECO position are called "LECO service credit."  
LECOs become eligible to retire with a combined regular and LECO lifetime annuity when they have 20 years of LECO service credit. For example, if you begin working as a LECO for the state at age 31, you could retire at 51 with 20 years of LECO service credit and get the regular annuity plus supplemental LECO annuity for the rest of your life.
  - As a LECO, you would have the option to retire at age 55 with 10 years of LECO service credit or at 65 with just five years of any State of Texas service credit, but would get only the regular lifetime annuity. Your LECO account contributions, plus interest and any gain sharing, would be paid to you in a lump sum at retirement.For more details on retirement eligibility for Group 4 LECOs, see "Three Options for Retirement Eligibility" below.
- **State match:** Throughout your career, the state will match 150% of your regular account balance and 300% of your LECO supplemental account balance (including the interest earned and gain sharing in both accounts). You cannot withdraw the state's matches before you retire, but will receive at least the 150% match as part of your monthly annuity in retirement, depending on your LECO service credit. If you retire before reaching 20 years of LECO service credit, ERS will include the state's 150% match in your regular account to calculate your annuity, but you won't get the state's 300% match to your LECO account in your one-time payment.

- **Lifetime annuity payments with opportunities for increases:** When you reach retirement eligibility and decide to retire, ERS will add up the money in your account(s) plus the state’s final match(es) to determine how much you have in your account(s) at the time of retirement.
  - If you are eligible for the supplemental LECO annuity, ERS then uses the totals to calculate the amount of your monthly retirement annuity. (You will get one annuity payment each month, based on totals in both your accounts.)
  - If you aren’t eligible for the supplemental LECO annuity, ERS will calculate your monthly lifetime annuity from the total amount in your regular account and give you a one-time payment of the balance in your LECO account.

Because this is a defined benefit plan, you will get at least the original annuity amount every month for the rest of your life, even if you deplete the money in your account(s). After you retire, your annuity can continue to grow. That means you could receive a permanent annuity increase of up to 3% per year, when ERS’ investment returns allow. These increases are not guaranteed, but once you receive them, your annuity will never be reduced.

**The Group 4 retirement benefit structure is not new to Texas. Texas Municipal Retirement Program (TRMS) and Texas County and District Retirement System (TCDRS) have offered this successful type of retirement plan to their members for decades. ERS began offering it to State of Texas employees in September 2022.**

## Other benefits in retirement

If you retire with at least 10 years of state service in a benefits-eligible position, you are eligible for health insurance through the Texas Employees Group Benefits Program (GBP) when you retire. Currently, the state pays 50% to 100% of the premium for retirees from full-time state employment and 25% to 50% of their eligible dependents’ premiums, depending on the retiree’s length of service with the state. It’s important to know that insurance benefits are funded biannually by the Texas Legislature, and the state’s contribution for health premiums is not guaranteed.

Retirees also have access to group dental, vision and term life insurance through ERS. Participants in these plans pay the full cost—there is no contribution from the state—but due to the large group of participants, monthly premiums are reasonable.

### The Employees Retirement System of Texas (ERS)

ERS manages retirement benefits for employees and retirees of Texas agencies, as well as the Texas Employees Group Benefits Program (GBP) for employees and retirees of Texas agencies and most state higher education institutions. Learn more about ERS and state employee and retiree benefits at [ers.texas.gov](http://ers.texas.gov).

## Three Options for Retirement Eligibility for Group 4 LECOs

State of Texas LECOs have three ways to become eligible for the state’s retirement annuity, but only one allows a lifetime annuity supplement from the LECO account in addition to the lifetime annuity from the regular account. If you do not meet the requirements for the LECO annuity supplement when you retire, you will get the balance in your LECO account as a one-time payment. The one-time payment will include interest and any gain sharing in your LECO account, but not the state’s match.

	Retirement Eligibility A	Retirement Eligibility B	Retirement Eligibility C
<b>Service Credit</b>	20 years of LECO service credit	10 years of LECO service credit	5 years of any service credit
<b>Minimum Age</b>	Any	55 years	65 years
<b>Retirement Benefit</b>	Lifetime annuity from regular and LECO accounts, including state’s matches to both accounts	<ul style="list-style-type: none"> <li>• Lifetime annuity from regular account, including the state’s match</li> <li>• One-time payment from LECO account, not including the state’s match</li> </ul>	<ul style="list-style-type: none"> <li>• Lifetime annuity from regular account, including the state’s match</li> <li>• One-time payment from LECO account, not including the state’s match</li> </ul>