

## Legislative Update: ORP-related Bills

(as of 08/17/2017)

[SB 1954](#) will become effective on September 1, 2017.

**Section 1** of the bill extends the 90-day ORP Election Period when an ORP employer fails to provide notification of eligibility to an ORP-eligible employee on or before the employee's Initial ORP Eligibility Date.

- Affected employees must be provided at least 30 days to make an election of ORP
- Election of ORP is not permitted beyond 180 days after Initial ORP Eligibility Date
- Notification must be made by 151<sup>st</sup> day after Initial ORP Eligibility Date to give employee at least 30 days to elect ORP (employee must stay in TRS if notification is not made by this deadline)

**Section 2** of the bill establishes provisions to follow if an employer mistakenly reports a vested ORP participant to TRS as an active TRS member when the person should have resumed ORP participation.

- Affected individual must be restored to ORP participation
- Amounts that should have been provided if the ORP participant had timely resumed ORP participation (rather than being placed in TRS in error) must be sent to the participant's ORP account, including:
  - Refunded TRS member contributions (up to the ORP rate)
  - State ORP contributions
  - Local ORP employer contributions
  - Amounts representing an assumed rate of return
    - TRS and state contribution remittances: four percent
    - Local employer contribution remittances: determined in accordance with IRS correction program provisions

### Ch. 25 Amendments

The Coordinating Board has adopted amendments to Chapter 25 to conform with the provisions in Section 1 of SB 1954 (regarding extension of the ORP Election Period when a Failure to Notify Error occurs). The rules were adopted on an emergency basis at the Board's quarterly meeting in July so the existing rules would not contradict the new statutory provisions that become effective on September 1.

Because emergency rules are only in effect for a limited period, the emergency rule text has been proposed in accordance with the regular rule-making process. The proposed rules will be published in the August 18 edition of the [Texas Register](#) with a 30-day comment period that ends on September 18. The Board will consider adoption of the proposed rules at the October meeting.

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### **ORP Election Period Calculator**

The ORP Election Period Calculator in the “ORP Resources” section of the [ORP webpage](#) has been updated to incorporate the provisions in Section 1 of SB 1954 (regarding extension of the ORP Election Period when a Failure to Notify Error occurs).

### **Correction of TRS Reporting Errors**

Procedures for implementing the provisions in Section 2 of SB 1954 (regarding correction of a TRS reporting error) are being developed by TRS and the State Comptroller. Affected institutions are advised to consult with their General Counsel (and possibly outside tax counsel with retirement program expertise) to determine the appropriate steps to take in accordance with applicable IRS correction programs.

### **Track bills with TLO**

You can track the progress of bills on the Texas Legislature Online (TLO) website at [www.legis.state.tx.us](http://www.legis.state.tx.us).

Click on the “My TLO” link in the upper left corner to set up a free account that will (among other options) allow you to designate the bills you want to track during the current session and request automatic email alerts when a bill’s status has changed (for example, when it’s scheduled for a public hearing or reported out of committee).

TLO also provides access to live and previously recorded video broadcasts of committee hearings.

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