

Tools to Attract and Retain Employees: Benefits!

Kathryn Tesar

Director, Benefits Communications

June 24, 2024



Agenda

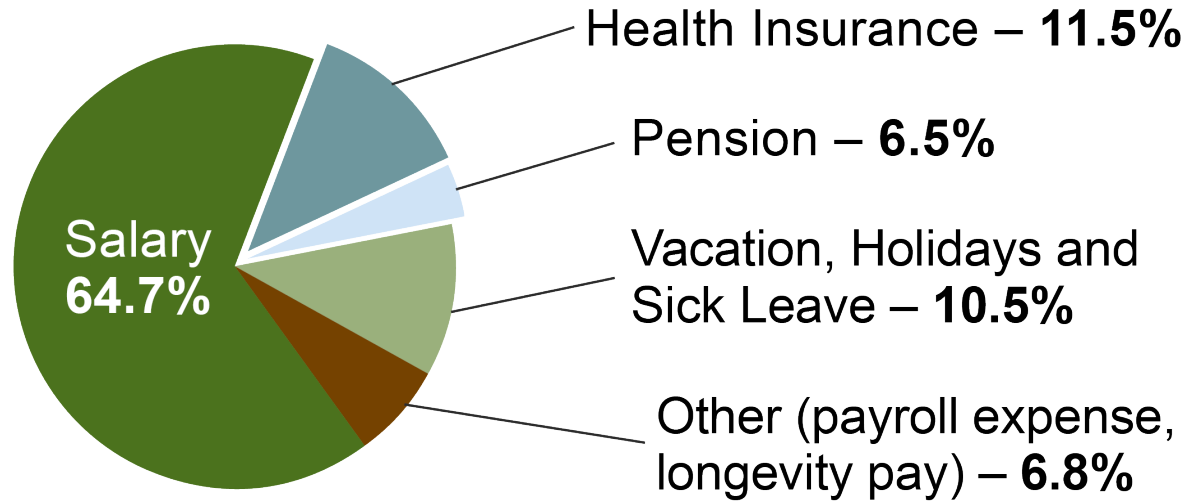


- Overall value of benefits
- Top 6 benefits to attract and retain employees
 1. Health insurance
 2. Pension and retirement
 3. Optional benefits
 4. Well-being
- Benefits not administered by ERS:
 5. Paid time off
 6. Longevity pay
- Bonus: Agency-specific benefits
- Resources for hiring managers and recruiters

Overall Value of Benefits

On average, benefits are about 1/3 of total compensation

Average state employee total compensation = \$78,146: \$50,590 salary; \$27,556 benefits.
Benefits are a major reason new employees choose state employment.



1. Health Insurance

Health Insurance

High-quality coverage at a reasonable cost



Recruitment

- \$0 premium for full-time employees
- Choice between two plans

Retention

- Retiree health insurance with 10 years' service credit
- \$0 premium for retirees with 20 years
 - 75% state contribution for 15-20 years, 50% for 10-15 years
- Stable out-of-pocket costs for members
 - No reduction in benefits since 2011
 - Commitment to predictable, incremental increases (when needed)
- Prescription drug coverage at no additional cost
- \$0 member cost for in-network preventive care
- Large statewide/nationwide network
 - 155,000+ providers across Texas

Health Insurance

Coming in FY25



- Premiums remain the same
 - Last increase: 2018
- Increase in Consumer Directed HealthSelectSM HSA contribution maximums
- Increase in in-network out-of-pocket maximums
- New wellness programs

2. Pension and Texa\$aver

Pension



Guaranteed stable monthly payment for life

Recruitment

- Rare benefit few private-sector employers offer
- Five-year vesting (Group 4)
- 6% pretax contribution (Group 4)
- Employer matching

Retention

- Longer state service = higher pension (all groups)
- Opportunities for increases in retirement, based on ERS' investment performance (Group 4)

Pension

Coming in FY25



- Self-funded Increase Option – Allows retirees to fund their own COLAs after initial decrease in monthly annuity amount
 - Groups 1, 2 and 3 only

Pension

Coming in FY25



- Self-funded Increase Option – Allows retirees to fund their own COLAs after initial decrease in monthly annuity amount
 - Available to most Group 1, 2 or 3 members with retirement dates of Sept. 30, 2024 or later

Pension



Overview of Group 4 cash balance benefits

Combines features of traditional pension and 401(k) to better suit 21st century workforce

Comparison to Groups 1, 2 and 3

Similarities

Differences

Contributions from both employee and state

Smaller employee contribution: 6% vs. 9.5%

More time at state agency = bigger annuity

Shorter vesting than Groups 2 and 3: five vs. 10 years

Lifetime annuity when eligible

Annuity based on account balance and age at retirement

- Balance = employee contributions + 4% - 7% annual interest over career + 150% state match

Eligible for retiree insurance with 10 years' service credit

Greater possibility of annuity increases in retirement, through gain sharing

Pension



Group 4 cash balance benefit – how it works

While working:

- Employee pays 6% of salary into account, part of ERS Retirement Trust Fund
 - State contributes 10% of employee's salary to Trust Fund over career
- Employee's account earns no less than 4% every year
 - If Fund's previous five-year investment earnings >4%, employee's account gets additional earnings (gain share) of up to 3% that year
 - Interest and any gain share continue if employee leaves state employment, but keeps account

Pension



Group 4 cash balance benefit – how it works

Upon retirement—five years' service credit at age 65 or Rule of 80:

- ERS calculates account balance (employee contributions + interest and gain share earnings), matches it 150% from Fund
- Monthly annuity is based on employee's age and final account balance: employee contributions + 4% annual interest + any gain share + 150% match
- Retiree gets lifetime annuity, with possibility of annual gain-share increase up to 3%, based on ERS' investment earnings

Texa\$averSM 401(k) / 457 Program



Opportunity to increase retirement income

Recruitment

- Lower-than-average fees
- Variety of investment options
- Pre-tax or Roth
- Contribute 1% - IRS max
- No- and low-cost advisor services

Retention

- Adjust contributions, investments
- Keep account in retirement
- Advisor services in retirement

3. Optional Benefits

Optional Benefits



Reasonable premiums based on large-group pricing

Recruitment

- One of two dental plans
- State of Texas VisionSM
- Term life insurance
- AD&D insurance
- TIPPSM disability insurance
- TexFlex FSAs
- No-cost Discount Purchase ProgramSM
- Add eligible family members to some plans

Retention

- 10+ years' service credit = access to dental, vision and term life insurance in retirement
 - Add eligible family members

Optional Benefits

Coming in FY25



- All premiums remain the same
- Waiting period for TIPP short-term decreases from 30 days to 14 days
 - Participants still required to exhaust all sick leave

4. Well-being

Well-being

Resources to maintain, improve health



Recruitment

- Fitness Plan: low-cost access to gyms, online fitness
- One of two no-cost weight management plans
- Points-based incentive program
- No-cost self-management programs
- Available to dependents with health insurance

Retention

- Available to retirees and dependents with health insurance

Well-being

Coming in FY25



- New web-based well-being platform, Buena Vida
 - Resources for physical, emotional and financial well-being
- Three new programs from BCBSTX
 - Hello Heart – cardiovascular health
 - Hinge Health – joint health
 - Learn to Live – mental health

5. Paid Time Off

6. Longevity Pay

Bonus: Agency-specific Benefits

Paid Time Off



Who else gets LBJ's birthday off?

Recruitment

- Eight hours' sick leave every month
- 8 hours' annual leave every month to start, within increases for longevity
- Up to 17 paid holidays annually

Retention

- Annual leave increases with service
- Unused sick and annual leave can apply to retirement eligibility (Group 1) and annuity calculation (Groups 1-3)

Longevity Pay

Guaranteed increases every two years



Retention

- \$20 a month for every 24 months of service, up to \$420

Agency-specific benefits

Highlight additional benefits



Does your agency offer ...

- Tuition / certification reimbursement?
- Training?
- Conference attendance?
- Earned time off for wellness activities?
- Other perqs?

Resources

Resources



Quick overviews

- Trifold recruitment brochure
- Benefits at a Glance page at ers.texas.gov

More detail

- New Employee Benefits Guide
- New employee orientation presentations
- Group 4 handout
- Group 4 video

The screenshot shows a web browser displaying the ERS website. The browser tabs include 'Inbox (5)', 'Benefits at a Glance', 'State of Texas', 'ERS Group', and 'ERS Group'. The address bar shows 'ers.texas.gov/benefits-at-a-glance'. The main content area is titled 'Benefits at a Glance' and features a mission statement: 'Mission: ERS offers competitive benefits to enhance the lives of Texas employees and retirees. The health and retirement benefits programs offered through ERS are available to participating members and the state. The benefits help ensure that Texas employees and retirees rely on daily. State of Texas employees and retirees earn these benefits, improve their quality of life, work and visit.' Below the mission statement, there are four icons representing different benefits: 100% health coverage, 50% health premiums for eligible spouses, opportunity for retirement payments, and valuable benefits making up about one-third of the average State of Texas compensation package. To the right of the main content is a large graphic with the text 'ERS OFFERS COMPETITIVE BENEFITS TO ENHANCE THE LIVES OF ITS MEMBERS' and an image of the State Capitol building. Below this graphic is the text 'State of Texas employees earn valuable benefits'. At the bottom of the screenshot is a video player showing a woman reading a book titled 'WELCOME! ERS'. The video player has a progress bar at 0:42 / 4:49 and a play button. The system tray shows the time as 12:10 AM on 6/24/2024.

Q & A