

Public Agenda Item #29

*Review and Consideration of Proposed Texa\$averSM 401(k)/457 Program Rates - (**Action**)*

March 11, 2020

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Texa\$aver Program



Background

ERS is responsible for the administration of the Texa\$aver 401(k) and 457 Program (Texa\$aver).

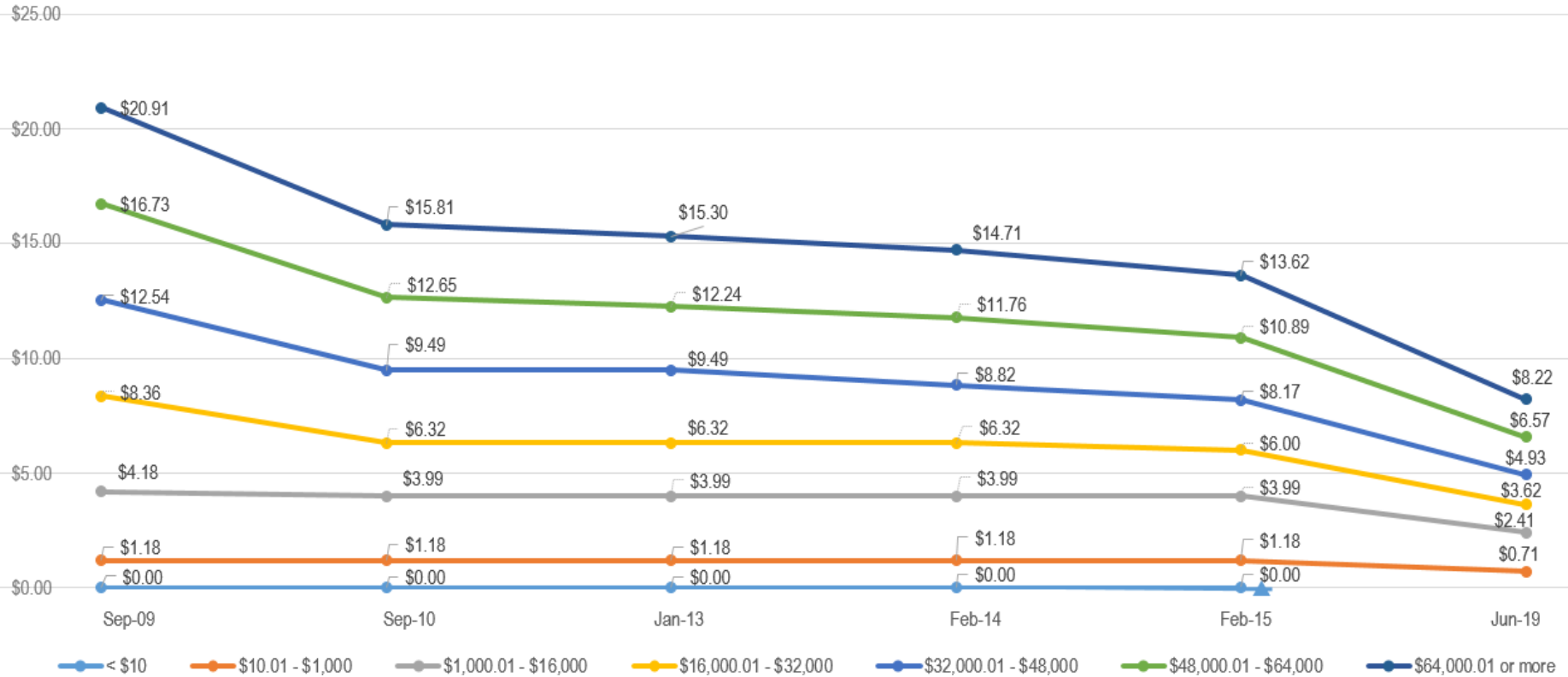
- The legislature does not appropriate funds for Texa\$aver administrative costs
- 100% funded by participants
- Costs are assessed to participant accounts as a monthly administrative fee and cover program recordkeeping costs and ERS' internal costs
- Assessed to the 401(k) and 457 plans separately

Participant Administrative Fees

ERS adopted a tiered fee structure for Texa\$aver administrative fees effective September 1, 2009.

- The tiered fee structure was designed by ERS' Actuarial and Reporting Services (ARS)
 - Fees were based on participant's account balance
 - Percentage of fees relative to the account balance declines with each progressive tier
- Any proposed fee changes are submitted to the Board for approval

Texa\$aver Participant Fee Changes



Additional Fee changes:

October 2018 - Monthly fees to be charged per participant, per account (eliminate per contribution type fees)

May 2019 - Eliminated \$10 or less tier, moving those participants to \$1,000 or less tier (eliminate 'no fee' tier)

- ERS' Actuarial and Reporting Services (ARS) performs reviews to ensure the fees generate sufficient revenue to cover ERS' internal costs.
- ARS proposes fee adjustments as necessary and based on actual enrollment figures.

Proposed Administrative Fees

Based on the most recent review, ARS has formulated a fixed percentage reduction of 15% for the participant fees effective May 1, 2020:

Account Balance	Current Monthly Fee Effective June 1, 2019 Per Participant Per Account	Proposed Monthly Fee Effective May 1, 2020 Per Participant Per Account	Monthly Fee Change Per Participant Per Account
\$1,000.00 or less	\$ 0.71	\$ 0.60	\$ (0.11)
\$1,000.01 to \$16,000.00	\$ 2.41	\$ 2.05	\$ (0.36)
\$16,000.01 to \$32,000.00	\$ 3.62	\$ 3.08	\$ (0.54)
\$32,000.01 to \$48,000.00	\$ 4.93	\$ 4.19	\$ (0.74)
\$48,000.01 to \$64,000.00	\$ 6.57	\$ 5.58	\$ (0.99)
\$64,000.01 or more	\$ 8.22	\$ 6.99	\$ (1.23)

- Staff continue to look at the structure surrounding how fees are assessed. In the interim, and based on ARS review, we believe it is appropriate to reduce fees now.
- Participant communication for fee changes

Texa\$aver

Recommendation



Staff recommend that the Board of Trustees of the Employees Retirement System of Texas adopt the proposed Texa\$aver fee structure reflecting the 15% participant fee reduction effective May 1, 2020.

Questions?
Action Item