

By: Menéndez

S.B. No. 174

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to a cost-of-living adjustment applicable to certain  
3 benefits paid by the Teacher Retirement System of Texas.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Subchapter H, Chapter 824, Government Code, is  
6 amended by adding Section 824.704 to read as follows:

7 Sec. 824.704. COST-OF-LIVING ADJUSTMENT: SEPTEMBER 2025.

8 (a) The retirement system shall make a one-time cost-of-living  
9 adjustment payable to annuitants receiving a monthly death or  
10 retirement benefit annuity, as provided by this section.

11 (b) Subject to Subsections (c) and (d), to be eligible for  
12 the adjustment, a person must be, on the effective date of the  
13 adjustment and disregarding any forfeiture of benefits under  
14 Section 824.601, an annuitant eligible to receive:

15 (1) a standard service or disability retirement  
16 annuity payment;

17 (2) an optional service or disability retirement  
18 annuity payment as either a retiree or beneficiary;

19 (3) an annuity payment under Section 824.402(a)(3) or  
20 (4);

21 (4) an annuity payment under Section 824.502; or

22 (5) an alternate payee annuity payment under Section  
23 804.005.

24 (c) If the annuitant:

1           (1) is a retiree or is a beneficiary under an optional  
2 retirement payment plan, to be eligible for the adjustment under  
3 this section:

4           (A) the annuitant must be living on the effective  
5 date of the adjustment; and

6           (B) the effective date of the retirement of the  
7 member of the retirement system must have been before January 1,  
8 2025;

9           (2) is a beneficiary under Section 824.402(a)(3) or  
10 (4) or 824.502, to be eligible for the adjustment:

11           (A) the annuitant must be living on the effective  
12 date of the adjustment; and

13           (B) the date of death of the member of the  
14 retirement system must have been before January 1, 2025; or

15           (3) is an alternate payee under Section 804.005, the  
16 annuitant is eligible for the adjustment only if the effective date  
17 of the election to receive the annuity payment was before January 1,  
18 2025.

19           (d) An adjustment made under this section does not apply to  
20 payments under:

21           (1) Section 824.203(d), relating to retirees who  
22 receive a standard service retirement annuity in an amount fixed by  
23 statute;

24           (2) Section 824.304(a), relating to disability  
25 retirees with less than 10 years of service credit;

26           (3) Section 824.304(b)(2), relating to disability  
27 retirees who receive a disability annuity in an amount fixed by

1 statute;

2 (4) Section 824.404(a), relating to active member  
3 survivor beneficiaries who receive a survivor annuity in an amount  
4 fixed by statute;

5 (5) Section 824.501(a), relating to retiree survivor  
6 beneficiaries who receive a survivor annuity in an amount fixed by  
7 statute; or

8 (6) Section 824.804(b), relating to participants in  
9 the deferred retirement option plan with regard to payments from  
10 their deferred retirement option plan accounts.

11 (e) An adjustment under this section:

12 (1) must be made beginning with an annuity payable for  
13 the month of September 2025; and

14 (2) is limited to the lesser of:

15 (A) an amount equal to three percent of the  
16 monthly benefit subject to the increase; or

17 (B) \$200 a month.

18 (f) The board of trustees shall determine the eligibility  
19 for and the amount of any adjustment in monthly annuities in  
20 accordance with this section.

21 SECTION 2. This Act takes effect immediately if it receives  
22 a vote of two-thirds of all the members elected to each house, as  
23 provided by Section 39, Article III, Texas Constitution. If this  
24 Act does not receive the vote necessary for immediate effect, this  
25 Act takes effect September 1, 2025.