

By: Menéndez

S.B. No. 2472

A BILL TO BE ENTITLED

1 AN ACT

2 relating to providing a one-time supplemental payment and a  
3 cost-of-living adjustment applicable to certain benefits paid by  
4 the Employees Retirement System of Texas.

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

6 SECTION 1. Subchapter G, Chapter 814, Government Code, is  
7 amended by adding Section 814.605 to read as follows:

8 Sec. 814.605. COST-OF-LIVING ADJUSTMENT: JANUARY 2026. (a)  
9 The amount of a service retirement, disability retirement, death,  
10 or other monthly benefit paid under this chapter or Chapter 804 to  
11 an annuitant based on service credited in the employee class is  
12 increased to include a cost-of-living adjustment in accordance with  
13 this section.

14 (b) Subject to Subsections (c) and (d), to be eligible for  
15 the adjustment, a person must be, for the month of December 2025, an  
16 annuitant eligible to receive:

17 (1) a standard retirement annuity payment;

18 (2) an optional service retirement annuity payment as  
19 either a retiree or beneficiary under Section 814.108;

20 (3) a standard or occupational disability retirement  
21 annuity payment;

22 (4) a death benefit annuity payment under Section  
23 814.301, 814.302, or 814.305; or

24 (5) an alternate payee annuity payment under Section

1 [804.005](#).

2 (c) The adjustment does not apply to benefit payments:

3 (1) based on service credited in the elected class; or

4 (2) under a subtitle other than this subtitle except  
5 as provided by Subsection (b)(5).

6 (d) If the annuitant:

7 (1) is a retiree, or is a beneficiary under an optional  
8 service or disability retirement payment plan, to be eligible for  
9 the adjustment under this section:

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

12 (B) the effective date of the retirement of the  
13 member of the retirement system on whose service the annuity is  
14 based must have been before September 1, 2024;

15 (2) is a person eligible to receive a death benefit  
16 annuity described by Subsection (b)(4), to be eligible for the  
17 adjustment:

18 (A) the annuitant must be living on the effective  
19 date of the adjustment; and

20 (B) the date of death of the member of the  
21 retirement system on whose service the annuity is based must have  
22 been before September 1, 2025; or

23 (3) is an alternate payee under Section [804.005](#), to be  
24 eligible for the adjustment:

25 (A) the annuitant must be living on the effective  
26 date of the adjustment; and

27 (B) the effective date of the annuitant's

1 election to receive the annuity payment must have been before  
2 September 1, 2025.

3 (e) An adjustment under this section must be made beginning  
4 with an annuity payable for the month of January 2026.

5 (f) The amount of the adjustment provided under this section  
6 is calculated by multiplying the amount of the monthly benefit  
7 subject to the adjustment by the following percentage rate, as  
8 applicable:

9 (1) for annuitants described by Subsection (d)(1):

10 (A) if the effective date of retirement of the  
11 member of the retirement system on whose service the annuity is  
12 based was before January 1, 2007, eight percent;

13 (B) if the effective date of retirement of the  
14 member of the retirement system on whose service the annuity is  
15 based was on or after January 1, 2007, but before January 1, 2019,  
16 six percent;

17 (C) if the effective date of retirement of the  
18 member of the retirement system on whose service the annuity is  
19 based was on or after January 1, 2019, but before January 1, 2024,  
20 four percent; and

21 (D) if the effective date of retirement of the  
22 member of the retirement system on whose service the annuity is  
23 based was on or after January 1, 2024, two percent;

24 (2) for annuitants described by Subsection (d)(2):

25 (A) if the date of the death of the member of the  
26 retirement system on whose service the annuity is based was before  
27 January 1, 2007, eight percent;

1           (B) if the date of the death of the member of the  
2 retirement system on whose service the annuity is based was on or  
3 after January 1, 2007, but before January 1, 2019, six percent;

4           (C) if the date of the death of the member of the  
5 retirement system on whose service the annuity is based was on or  
6 after January 1, 2019, but before January 1, 2024, four percent; and

7           (D) if the date of the death of the member of the  
8 retirement system on whose service the annuity is based was on or  
9 after January 1, 2024, two percent; and

10           (3) for annuitants described by Subsection (d)(3):

11           (A) if the effective date of the annuitant's  
12 election was before January 1, 2007, eight percent;

13           (B) if the effective date of the annuitant's  
14 election was on or after January 1, 2007, but before January 1,  
15 2019, six percent;

16           (C) if the effective date of the annuitant's  
17 election was on or after January 1, 2019, but before January 1,  
18 2024, four percent; and

19           (D) if the effective date of the annuitant's  
20 election was on or after January 1, 2024, two percent.

21           (g) The board of trustees shall recompute the amount of an  
22 annuity paid monthly under this chapter or Chapter 804, as  
23 applicable, by applying the adjustment required under Subsection  
24 (f) to the monthly amount otherwise required to be paid under the  
25 applicable chapter. The adjustment under this section is in  
26 addition to the adjustment, if any, granted under Section 814.604  
27 or any other law.

1        (h) The board of trustees shall determine the eligibility  
2 for and the amount of any adjustment in monthly annuities in  
3 accordance with this section.

4        SECTION 2. (a) Subject to Section 811.006, Government  
5 Code, the Employees Retirement System of Texas shall make a  
6 one-time supplemental payment of a service retirement, disability  
7 retirement, death, or other monthly benefit, as provided by this  
8 section.

9        (b) The supplemental payment is payable in January 2026 and,  
10 to the extent practicable, on a date or dates that coincide with the  
11 regular annuity payment payable to each eligible annuitant.

12        (c) The amount of the supplemental payment is equal to:

13                (1) \$10,000, if the effective date of retirement of  
14 the member of the retirement system on whose service the annuity is  
15 based was before January 1, 2007;

16                (2) \$7,500, if the effective date of retirement of the  
17 member of the retirement system on whose service the annuity is  
18 based was on or after January 1, 2007, but before January 1, 2019;

19                (3) \$5,000, if the effective date of retirement of the  
20 member of the retirement system on whose service the annuity is  
21 based was on or after January 1, 2019, but before January 1, 2024;  
22 and

23                (4) \$2,500, if the effective date of retirement of the  
24 member of the retirement system on whose service the annuity is  
25 based was on or after January 1, 2024.

26        (d) The Employees Retirement System of Texas shall make  
27 applicable tax withholding and other legally required deductions

1 before disbursing the supplemental payment. A supplemental payment  
2 under this section is in addition to the regular monthly annuity  
3 payment to which the eligible annuitant is otherwise entitled.

4 (e) Subject to Subsection (f) of this section, to be  
5 eligible for the supplemental payment, a person must be, for the  
6 month of December 2025, an annuitant eligible to receive based on  
7 service credited in the employee class:

8 (1) a standard retirement annuity payment;

9 (2) an optional service retirement annuity payment as  
10 either a retiree or beneficiary under Section 814.108, Government  
11 Code;

12 (3) a standard or occupational disability retirement  
13 annuity payment;

14 (4) a death benefit annuity payment under Section  
15 814.305, Government Code; or

16 (5) an alternate payee annuity payment under Section  
17 804.005, Government Code.

18 (f) If the annuitant is a retiree or a beneficiary under an  
19 optional retirement payment plan, to be eligible for the  
20 supplemental payment, the effective date of the retirement of the  
21 member of the Employees Retirement System of Texas must have been on  
22 or before September 1, 2024. The supplemental payment shall be made  
23 to an alternate payee who is an annuitant under Section 804.005,  
24 Government Code, only if the annuity payment to the alternate payee  
25 commenced on or before September 1, 2024. The supplemental payment  
26 is in addition to the guaranteed number of payments under Section  
27 814.108, Government Code, and may not be counted as one of the

1 guaranteed monthly payments.

2 (g) The supplemental payment does not apply to payments:

3 (1) based on service credited in the elected class; or

4 (2) under a subtitle other than Subtitle B, Title 8,  
5 Government Code, except as provided by Subsection (e)(5) of this  
6 section.

7 (h) Except as provided by this section, the board of  
8 trustees of the Employees Retirement System of Texas shall  
9 determine the eligibility for and the amount and timing of a  
10 supplemental payment and the manner in which the payment is made.

11 SECTION 3. Section 814.605, Government Code, as added by  
12 this Act, applies only to a monthly benefit payment made by the  
13 Employees Retirement System of Texas on or after January 1, 2026.

14 SECTION 4. The Employees Retirement System of Texas is  
15 required to make a cost-of-living adjustment under Section 814.605,  
16 Government Code, as added by this Act, or a one-time supplemental  
17 payment of benefits under Section 2 of this Act only if the board of  
18 trustees of the Employees Retirement System of Texas finds that the  
19 legislature appropriated money to the retirement system in an  
20 amount sufficient to provide the adjustment or payment without  
21 increasing the unfunded actuarial liabilities of the retirement  
22 system. The amount appropriated by the legislature to provide the  
23 adjustment or payment must be in addition to any amounts the state  
24 is required to contribute to the retirement system under Subchapter  
25 E, Chapter 815, Government Code. If the board of trustees of the  
26 Employees Retirement System of Texas finds that the legislature did  
27 not appropriate money in an amount sufficient to provide the

1 cost-of-living adjustment or one-time supplemental payment without  
2 increasing the unfunded actuarial liabilities of the retirement  
3 system, the retirement system may not make the adjustment or  
4 payment.

5 SECTION 5. This Act takes effect September 1, 2025.