

BILL ANALYSIS

Senate Research Center
80R5472 DLF-D

S.B. 492
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State Affairs
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Since 2001, inflation has eroded over 16 percent of a Teacher Retirement System (TRS) annuitant's buying power and higher health insurance premiums and out-of-pocket expenses have eaten away at a retiree's ability to maintain a quality standard of living. TRS retirees have not received a pension increase since 2001. There have been no pension increases in large part due to the fluctuating economy, market losses experienced in 2001 and 2002, and because TRS funding status exceeds the statutorily required 31-year amortization period. Because of the funding status of TRS, state law prohibits any benefit increases for retirees until TRS is made actuarially sound.

As proposed, S.B. 492 provides TRS annuitants with a one-time, five percent cost of living adjustment.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 824, Government Code, by adding Section 824.007, as follows:

Sec. 824.007. ADJUSTMENT FOR COST OF LIVING. Increases the amount of a monthly service retirement benefit, disability retirement benefit, or death benefit paid under this chapter (Benefits) to include a five percent cost-of-living adjustment in accordance with this section. Requires the board of trustees of the Teacher Retirement System to recompute the amount of a benefit paid monthly under this chapter by applying the five percent adjustment to the monthly amount otherwise required to be paid as determined in accordance with the other applicable provisions of this chapter.

SECTION 2. Makes application of this Act prospective to January 1, 2008.

SECTION 3. Effective date: September 1, 2007.