

## **BILL ANALYSIS**

C.S.H.B. 3214  
By: Capriglione  
Pensions, Investments & Financial Services  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

It has been many years since the last cost-of-living adjustment for retired teachers, which has resulted in a substantial decline in purchasing power. Testimony from the Teacher Retirement System of Texas (TRS) suggests that the legislature could grant a small cost-of-living adjustment capped at \$100 a month and still be able to stay within the statutory 31-year funding requirement to meet the definition of actuarial soundness. C.S.H.B. 3214 would require TRS to make a one-time cost-of-living adjustment for certain annuitants receiving a monthly death or retirement benefit annuity.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3214 amends the Government Code to require the Teacher Retirement System of Texas (TRS) to make a one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity. The bill makes an annuitant who is eligible to receive one of the following annuity payments eligible for the cost-of-living adjustment:

- a standard service or disability retirement annuity payment;
- an optional service or disability retirement annuity payment as either a retiree or beneficiary;
- a 60-month retirement annuity payment or an optional lifetime retirement annuity payment following the death of an active member;
- an annuity payment following the death of a disability retiree; or
- an alternate payee annuity payment in lieu of benefits awarded by qualified domestic relations order.

C.S.H.B. 3214 establishes additional eligibility requirements as follows:

- for a retiree or a beneficiary under an optional retirement payment plan, the annuitant must be living on the effective date of the adjustment and the effective date of the member's retirement must have been on or before August 31, 2019;
- for a beneficiary receiving an eligible annuity payment following the death of an active member or a disability retiree, the beneficiary must be living on the effective date of the adjustment and the date of the member's death must have been on or before August 31, 2019; and

- for an annuitant who is an alternate payee under a qualified domestic relations order, the effective date of the election to receive the annuity payment must have been on or before August 31, 2019.

C.S.H.B. 3214 makes an adjustment inapplicable to payments relating to the following:

- retirees who receive a standard service retirement annuity in an amount fixed by statute;
- disability retirees with less than 10 years of service credit;
- disability retirees who receive a disability annuity in an amount fixed by statute;
- active member survivor beneficiaries who receive a survivor annuity in an amount fixed by statute;
- retiree survivor beneficiaries who receive a survivor annuity in an amount fixed by statute; or
- participants in the deferred retirement option plan with regard to payments from their deferred retirement option plan accounts.

C.S.H.B. 3214 requires an adjustment to be made beginning with an annuity payable for the month of September 2021 and limits the adjustment to the lesser of:

- an amount equal to six percent of the monthly benefit subject to the increase; or
- \$100 a month.

The bill requires the TRS board of trustees to determine the eligibility for and the amount of any adjustment in monthly annuities in accordance with the bill's provisions.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3214 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The original limited the adjustment to annuitants who retired after August 31, 2004, and on or before August 31, 2021, or, if applicable, who are receiving payments based on a member death or alternate payee election occurring during that period. The substitute changes the applicable period to on or before August 31, 2019.