By:  Muñoz, Jr. H.B. No. 1124

A BILL TO BE ENTITLED

AN ACT

relating to a cost-of-living adjustment applicable to certain benefits paid by the Teacher Retirement System of Texas, including a related study.

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

SECTION 1.  Subchapter H, Chapter 824, Government Code, is amended by adding Section 824.703 to read as follows:

Sec. 824.703.  ADDITIONAL COST-OF-LIVING ADJUSTMENT. (a) Notwithstanding Section 824.702 and subject to Section 821.006, the retirement system shall make a one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity, as provided by this section.

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

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

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

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

(4)  an annuity payment under Section 824.502; or

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

(c)  If the annuitant:

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

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

(B) the effective date of the retirement of the member of the retirement system must have been after August 31, 2004, and on or before August 31, 2015;

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

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

(B)  the date of death of the member of the retirement system must have been after August 31, 2004, and on or before August 31, 2015; or

(3)  is an alternate payee under Section 804.005, the annuitant is eligible for the adjustment only if the effective date of the election to receive the annuity payment was after August 31, 2004, and on or before August 31, 2015.

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

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

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

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

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

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

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

(e)  An adjustment under this section:

(1)  must be made as soon as practicable after the board of trustees finds that payment of the adjustment would not violate Section 821.006; and

(2)  is limited to the lesser of:

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

(B)  $100 a month.

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

SECTION 2.  (a) Using existing resources, the Teacher Retirement System of Texas shall conduct a study on the possibility of providing future cost-of-living adjustments payable to an annuitant receiving a monthly death or retirement annuity, including projections on future cost-of-living adjustments, a review of structural changes affecting cost-of-living adjustments, and the feasibility of offering an alternative annuity payment option to retirees under which the standard service retirement annuity provided under Subchapter C, Chapter 824, Government Code, is payable on a graduated scale with annuity payments increasing on an annual basis. In conducting a study under this section, the retirement system shall only consider alternative annuity payment options that are projected by the retirement system's actuary to have no fiscal impact to the state.

(b)  Not later than September 1, 2022, the Teacher Retirement System of Texas shall submit to the legislature a written report on the results of the study and any recommendations for legislative or other action.

(c)  This section expires September 1, 2023.

SECTION 3.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2021.