

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

1 [804.005](#).

2 (c) If the annuitant:

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

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

8 (B) the effective date of the retirement of the
9 member of the retirement system must have been after August 31,
10 2004, and on or before August 31, 2015;

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

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

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

18 (3) is an alternate payee under Section [804.005](#), the
19 annuitant is eligible for the adjustment only if the effective date
20 of the election to receive the annuity payment was after August 31,
21 2004, and on or before August 31, 2015.

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

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

27 (2) Section [824.304](#)(a), relating to disability

1 retirees with less than 10 years of service credit;

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

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

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

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

14 (e) An adjustment under this section:

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

18 (2) is limited to the lesser of:

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

21 (B) \$100 a month.

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

25 SECTION 2. (a) Using existing resources, the Teacher
26 Retirement System of Texas shall conduct a study on the possibility
27 of providing future cost-of-living adjustments payable to an

1 annuitant receiving a monthly death or retirement annuity,
2 including projections on future cost-of-living adjustments, a
3 review of structural changes affecting cost-of-living adjustments,
4 and the feasibility of offering an alternative annuity payment
5 option to retirees under which the standard service retirement
6 annuity provided under Subchapter C, Chapter 824, Government Code,
7 is payable on a graduated scale with annuity payments increasing on
8 an annual basis. In conducting a study under this section, the
9 retirement system shall only consider alternative annuity payment
10 options that are projected by the retirement system's actuary to
11 have no fiscal impact to the state.

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

16 (c) This section expires September 1, 2023.

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