

By: Frank

H.B. No. 2936

A BILL TO BE ENTITLED

AN ACT

relating to an optional service retirement annuity of the Employees Retirement System of Texas.

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

SECTION 1. Subchapter B, Chapter 814, Government Code, is amended by adding Section 814.109 to read as follows:

Sec. 814.109. COST-OF-LIVING ADJUSTMENTS OPTION. (a) A member who is eligible for an unreduced service retirement annuity may select a standard retirement annuity or an optional service retirement annuity described by Section 814.108 together with the option for cost-of-living adjustments as described by this section.

(b) The retirement system shall provide the cost-of-living adjustments by reducing benefits for an appropriate period beginning immediately after the member's retirement and periodically increasing the amount of the benefits, as determined by the system, during the period the member or designated beneficiary is entitled to service retirement benefits.

(c) The service retirement annuity selected by the member must be calculated to reflect the cost-of-living adjustments to be provided under this section and be actuarially equivalent to a standard or optional service retirement annuity, as applicable. The annuity and adjustments must be computed to result in no actuarial loss to the retirement system.

(d) The cost-of-living adjustments option under this

1 section may be elected only once by a member and may not be elected
2 by a retiree. A member retiring under the proportionate retirement
3 program under Chapter 803 is not eligible for the partial lump-sum
4 option.

5 (e) This section does not apply to a disability retirement
6 annuity.

7 (f) Before a retiring member selects the cost-of-living
8 adjustments option under this section, the retirement system must
9 provide a written notice to the member of the amount by which the
10 member's annuity will be reduced and the period of the reduction
11 because of that selection. The retirement system shall maintain a
12 copy of the notice under this subsection signed by the member.

13 (g) The board of trustees may adopt rules for the
14 implementation of this section.

15 SECTION 2. Section 814.109, Government Code, as added by
16 this Act, applies only to a retirement that occurs on or after
17 January 1, 2022.

18 SECTION 3. This Act takes effect September 1, 2021.