

By: Davis

H.B. No. 4205

A BILL TO BE ENTITLED

AN ACT

relating to adjustments to certain benefits paid by the Teacher Retirement System of Texas.

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

SECTION 1. Subchapter H, Chapter 824, Government Code, is amended by adding Sections 824.7015 and 824.703 to read as follows:

Sec. 824.7015. ADJUSTMENT TO BENEFITS. (a)

Notwithstanding Section 824.702, the amount of a monthly service retirement benefit, disability retirement benefit, or death benefit paid under this chapter is increased to include a one-time 10 percent adjustment in accordance with this section.

(b) The board of trustees shall recompute the amount of a benefit paid monthly under this chapter by applying the 10 percent adjustment to the monthly amount otherwise required to be paid as determined in accordance with the other applicable provisions of this chapter and other law.

Sec. 824.703. COST-OF-LIVING ADJUSTMENTS FOR INFLATION; ANNUAL DETERMINATION. (a) Notwithstanding any other law, the amount of a service retirement benefit, disability retirement benefit, or death benefit paid under this chapter is adjusted in accordance with this section as necessary to reflect inflation.

(b) Each year, during the last seven days of October, the board of trustees shall set the rate of the adjustment for the next calendar year to equal the annual percentage increase, if any, in

1 the Consumer Price Index for Urban Wage Earners and Clerical
2 Workers (CPI-W) published by the Bureau of Labor Statistics of the
3 United States Department of Labor as determined by the commissioner
4 of social security under 42 U.S.C. Section 415(i) for purposes of
5 providing an annual cost-of-living increase to social security
6 benefit payments payable in the next calendar year.

7 (c) Subject to Subsection (d), the board of trustees shall
8 increase the amount of a benefit payable under this chapter by
9 applying the adjustment rate set by the board of trustees under
10 Subsection (b) to the amount otherwise required to be paid as
11 determined in accordance with the other applicable provisions of
12 this chapter.

13 (d) The board of trustees may not pay a benefit increase
14 under this section in any calendar year unless the board finds that
15 the retirement system is actuarially sound and has money available
16 to pay increased benefits in that year. If the board of trustees
17 finds that the retirement system is actuarially sound, but that the
18 amount of money available is not sufficient to pay the full amount
19 of the adjustment under Subsection (b), the board shall compute the
20 largest rate of adjustment possible for the amount of money
21 available while maintaining the actuarial soundness of the system
22 and shall use that rate in increasing benefits under Subsection (c)
23 for that calendar year.

24 SECTION 2. Sections 824.7015 and 824.703, Government Code,
25 as added by this Act, apply only to a benefit paid by the Teacher
26 Retirement System of Texas on or after January 1, 2022.

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