

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 13, 2021

TO: Honorable Rafael Anchia, Chair, House Committee on Pensions, Investments & Financial Services

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3214 by Capriglione (relating to a cost-of-living adjustment applicable to certain benefits paid by the Teacher Retirement System of Texas.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated. However, there would be an impact to the Teacher Retirement System which could impact the actuarial soundness of the fund.</p>

The bill would provide an increase in the monthly annuity for most categories of members in payment status as of August 31, 2019. The amount of the increase is the lesser of 6% of the annuitant's monthly benefit or \$100 per month.

According to the Actuarial Impact Statement completed by the Pension Review Board, the Teacher Retirement System (TRS) is currently actuarially sound, with an amortization period of 26 years. TRS statute defines actuarial soundness, for purposes of making modifications to benefit and contribution levels, as no more than 31 years. The projected funding period for TRS would increase to 29 years following the passage of this bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 323 Teacher Retirement System, 338 Pension Review Board

LBB Staff: JMc, AAL, AH, RSTE