

By: Bucy

H.B. No. 75

A BILL TO BE ENTITLED

AN ACT

relating to providing a cost-of-living adjustment applicable to certain benefits paid by the Employees Retirement System of Texas.

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

SECTION 1. Subchapter G, Chapter 814, Government Code, is amended by adding Section 814.605 to read as follows:

Sec. 814.605. COST-OF-LIVING ADJUSTMENT: JANUARY 2026. (a)

The amount of a service retirement, disability retirement, death, or other monthly benefit paid under this chapter, Chapter 820, or Chapter 804 to an annuitant based on service credited in the employee class is increased to include a cost-of-living adjustment in accordance with this section.

(b) Subject to Subsections (c) and (d), to be eligible for the adjustment, a person must be, for the month of December 2025, an annuitant eligible to receive:

(1) a standard retirement annuity payment;

(2) an optional service retirement annuity payment as either a retiree or beneficiary under Section 814.108 or 820.0535;

(3) a standard or occupational disability retirement

1 annuity payment;

2 (4) a death benefit annuity payment under Section
3 814.301, 814.302, 814.305, or 820.054; or

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

6 (c) The adjustment does not apply to benefit payments under:

7 (1) Section 814.103, 814.205, 820.053(a)(3), or 820.054
8 relating to retirees or disability retirees from the elected class
9 of membership;

10 (2) a subtitle other than Subtitle B, Title 8, except
11 as provided by Subsection (b)(5); or

12 (3) Section 814.304 or 820.054 relating to retiree
13 survivor beneficiaries who receive a survivor annuity as the
14 surviving spouse of a member of the elected class.

15 (d) If the annuitant:

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

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

21 (B) the effective date of the retirement of the
22 member of the retirement system on whose service the annuity is
23 based must have been before September 1, 2024;

1 (2) is a person eligible to receive a death benefit
2 annuity described by Subsection (b)(4), to be eligible for the
3 adjustment:

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

6 (B) the date of death of the member of the
7 retirement system on whose service the annuity is based must have
8 been before September 1, 2025; or

9 (3) is an alternate payee under Section 804.005, to be
10 eligible for the adjustment:

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

13 (B) the effective date of the annuitant's election
14 to receive the annuity payment must have been before September 1,
15 2025.

16 (e) An adjustment under this section must be made beginning
17 with an annuity payable for the month of January 2026.

18 (f) The amount of the adjustment provided under this section
19 is computed by multiplying the amount of the monthly benefit
20 subject to the adjustment by the following percentage rate, as
21 applicable:

22 (1) for annuitants described by Subsection (d)(1):

23 (A) if the effective date of retirement of the

1 member of the retirement system on whose service the annuity is
2 based was on or before August 31, 2014, seven percent; and

3 (B) if the effective date of retirement of the
4 member of the retirement system on whose service the annuity is
5 based was after August 31, 2014, four percent;

6 (2) for annuitants described by Subsection (d) (2):

7 (A) if the date of the death of the member of the
8 retirement system on whose service the annuity is based was on or
9 before August 31, 2014, seven percent; and

10 (B) if the date of the death of the member of the
11 retirement system on whose service the annuity is based was after
12 August 31, 2014, four percent; and

13 (3) for annuitants described by Subsection (d) (3):

14 (A) if the effective date of the annuitant's
15 election was on or before August 31, 2014, seven percent; and

16 (B) if the effective date of the annuitant's
17 election was after August 31, 2014, four percent.

18 (g) The board of trustees shall recompute the amount of an
19 annuity paid monthly under this chapter, Chapter 820, or Chapter
20 804, as applicable, by applying the adjustment required under
21 Subsection (f) to the monthly amount otherwise required to be paid
22 under the applicable chapter. The adjustment under this section
23 is in addition to the adjustment, if any, granted under Section

1 814.604 or any other law.

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

5 SECTION 2. Section 814.605, Government Code, as added by
6 this Act, applies only to a monthly benefit payment made by the
7 Employees Retirement System of Texas on or after January 1, 2026.

8 SECTION 3. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect on the 91st day after the last day of the
13 legislative session.