

By: Allen

H.B. No. 2163

A BILL TO BE ENTITLED

AN ACT

relating to 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 824.704 to read as follows:

Sec. 824.7015. ONE-TIME ADJUSTMENT TO BENEFITS. (a)  
Notwithstanding any other provision of this subchapter, 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. 824.704. ANNUAL ADJUSTMENT FOR COST OF LIVING. (a)  
Notwithstanding any other provision of this subchapter, the amount of a monthly service retirement benefit, disability retirement benefit, or death benefit paid under this chapter is increased to include a four percent annual cost-of-living adjustment in accordance with this section.

(b) On January 1 of each year, the board of trustees shall

1 recompute the amount of a benefit paid monthly under this chapter by  
2 applying the four percent adjustment to the monthly amount  
3 otherwise required to be paid as determined in accordance with the  
4 other applicable provisions of this chapter and other law.

5 SECTION 2. (a) The Teacher Retirement System of Texas  
6 shall make a supplemental payment of a retirement or death benefit,  
7 as provided by this section.

8 (b) The supplemental payment is payable in January 2026 and,  
9 to the extent practicable, on a date or dates that coincide with the  
10 regular annuity payment payable to each eligible annuitant.

11 (c) The amount of the supplemental payment is equal to the  
12 greater of:

13 (1) \$2,000; or

14 (2) the gross amount of the regular annuity payment to  
15 which the eligible annuitant is otherwise entitled for the month of  
16 December 2025.

17 (d) The supplemental payment is payable without regard to  
18 any forfeiture of benefits under Section 824.601, Government Code.  
19 The Teacher Retirement System of Texas shall make applicable tax  
20 withholding and other legally required deductions before  
21 disbursing the supplemental payment. A supplemental payment under  
22 this section is in addition to and not in lieu of the regular  
23 monthly annuity payment to which the eligible annuitant is  
24 otherwise entitled.

25 (e) Subject to Subsection (f) of this section, to be  
26 eligible for the supplemental payment, a person must be, for the  
27 month of December 2025, and disregarding any forfeiture of benefits

under Section 824.601, Government Code, an annuitant eligible to receive:

- (1) a standard retirement annuity payment;
- (2) an optional retirement annuity payment as either a retiree or beneficiary;
- (3) a life annuity payment under Section 824.402(a)(4), Government Code;
- (4) an annuity for a guaranteed period of 60 months under Section 824.402(a)(3), Government Code; or
- (5) an alternate payee annuity payment under Section 804.005, Government Code.

(f) If the annuitant is a retiree or a beneficiary under an optional retirement payment plan, to be eligible for the supplemental payment, the effective date of the retirement of the member of the Teacher Retirement System of Texas must have been before September 1, 2024. If the annuitant is a beneficiary under Section 824.402(a)(3) or (4), Government Code, to be eligible for the supplemental payment, the date of death of the member of the retirement system must have been before September 1, 2024. The supplemental payment shall be made to an alternate payee who is an annuitant under Section 804.005, Government Code, only if the annuity payment to the alternate payee commenced before September 1, 2024. The supplemental payment is in addition to the guaranteed number of payments under Section 824.402(a)(3) or 824.204(c)(3) or (4), Government Code, and may not be counted as one of the guaranteed monthly payments.

(g) The supplemental payment does not apply to payments

1 under:

2 (1) Section 824.304(a), Government Code, relating to  
3 disability retirees with less than 10 years of service credit;

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

7 (3) Section 824.804(b), Government Code, relating to  
8 participants in the deferred retirement option plan with regard to  
9 payments from their deferred retirement option plan accounts;

10 (4) Section 824.501(a), Government Code, relating to  
11 retiree survivor beneficiaries who receive a survivor annuity in an  
12 amount fixed by statute; or

13 (5) Section 824.404(a), Government Code, relating to  
14 active member survivor beneficiaries who receive a survivor annuity  
15 in an amount fixed by statute.

16 (h) Except as provided by this section, the board of  
17 trustees of the Teacher Retirement System of Texas shall determine  
18 the eligibility for and the amount and timing of a supplemental  
19 payment and the manner in which the payment is made.

20 (i) The Teacher Retirement System of Texas shall pay the  
21 supplemental payment made under this section from the retired  
22 reserve account and may transfer to that account from the state  
23 contribution account any portion of the amount that exceeds the  
24 amount in the retired reserve account available to finance the  
25 supplemental payment and that is actuarially determined to be  
26 necessary to finance the supplemental payment. The supplemental  
27 payment under this section must comply with Section 821.006,

1 Government Code.

2       SECTION 3. Sections 824.7015 and 824.704, Government Code,  
3 as added by this Act, apply only to a monthly benefit payment made  
4 by the Teacher Retirement System of Texas on or after September 1,  
5 2025.

6       SECTION 4. This Act takes effect September 1, 2025.