

By: Smithee

H.B. No. 5191

A BILL TO BE ENTITLED

1 AN ACT

2 relating to providing a one-time supplemental payment and a
3 cost-of-living adjustment applicable to certain benefits paid by
4 the Teacher Retirement System of Texas.

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

6 SECTION 1. Subchapter H, Chapter 824, Government Code, is
7 amended by adding Section 824.704 to read as follows:

8 Sec. 824.704. COST-OF-LIVING ADJUSTMENT: JANUARY 2026.

9 (a) Notwithstanding any other section of this subchapter, the
10 retirement system shall make a one-time cost-of-living adjustment
11 payable to annuitants receiving a monthly death or retirement
12 benefit annuity, as provided by this section.

13 (b) Subject to Subsections (c) and (d), to be eligible for
14 the adjustment, a person must be, on the effective date of the
15 adjustment and disregarding any forfeiture of benefits under
16 Section 824.601, an annuitant eligible to receive:

17 (1) a standard service or disability retirement
18 annuity payment;

19 (2) an optional service or disability retirement
20 annuity payment as either a retiree or beneficiary;

21 (3) an annuity payment under Section 824.402(a)(3) or
22 (4);

23 (4) an annuity payment under Section 824.502; or

24 (5) an alternate payee annuity payment under Section

1 [804.005](#).

2 (c) If the annuitant:

3 (1) is a retiree, or is a beneficiary under an optional
4 retirement payment plan, to be eligible for the adjustment under
5 this section:

6 (A) the annuitant must be living on the effective
7 date of the adjustment; and

8 (B) the effective date of the retirement of the
9 member of the retirement system must have been after August 31,
10 2020, but before January 1, 2025;

11 (2) is a beneficiary under Section [824.402](#)(a)(3) or
12 (4) or [824.502](#), to be eligible for the adjustment:

13 (A) the annuitant must be living on the effective
14 date of the adjustment; and

15 (B) the date of death of the member of the
16 retirement system must have been after August 31, 2020, but before
17 January 1, 2025; or

18 (3) is an alternate payee under Section [804.005](#), the
19 annuitant is eligible for the adjustment only if the effective date
20 of the election to receive the annuity payment was after August 31,
21 2020, but before January 1, 2025.

22 (d) An adjustment made under this section does not apply to
23 payments under:

24 (1) Section [824.203](#)(d), relating to retirees who
25 receive a standard service retirement annuity in an amount fixed by
26 statute;

27 (2) Section [824.304](#)(a), relating to disability

1 retirees with less than 10 years of service credit;

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

5 (4) Section 824.404(a), relating to active member
6 survivor beneficiaries who receive a survivor annuity in an amount
7 fixed by statute;

8 (5) Section 824.501(a), relating to retiree survivor
9 beneficiaries who receive a survivor annuity in an amount fixed by
10 statute; or

11 (6) Section 824.804(b), relating to participants in
12 the deferred retirement option plan with regard to payments from
13 their deferred retirement option plan accounts.

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

16 (f) The amount of the adjustment provided under this section
17 is calculated by multiplying the amount of the monthly benefit
18 subject to the adjustment by two percent. The adjustment under this
19 section is in addition to the adjustments, if any, granted under
20 Sections 824.702 and 824.703, or any other law.

21 (g) The board of trustees shall determine the eligibility
22 for and the amount of any adjustment in monthly annuities in
23 accordance with this section.

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

27 (b) The supplemental payment is payable in January 2026 and,

1 to the extent practicable, on a date or dates that coincide with the
2 regular annuity payment payable to each eligible annuitant.

3 (c) The amount of the supplemental payment is equal to the
4 gross amount of the regular annuity payment to which the eligible
5 annuitant is otherwise entitled for the month of December 2025.

6 (d) The supplemental payment is payable without regard to
7 any forfeiture of benefits under Section 824.601, Government Code.
8 The Teacher Retirement System of Texas shall make applicable tax
9 withholding and other legally required deductions before
10 disbursing the supplemental payment. A supplemental payment under
11 this section is in addition to and not in lieu of the regular
12 monthly annuity payment to which the eligible annuitant is
13 otherwise entitled.

14 (e) Subject to Subsection (f) of this section, to be
15 eligible for the supplemental payment, a person must be, for the
16 month of December 2025, and disregarding any forfeiture of benefits
17 under Section 824.601, Government Code, an annuitant eligible to
18 receive:

- 19 (1) a standard retirement annuity payment;
- 20 (2) an optional retirement annuity payment as either a
21 retiree or beneficiary;
- 22 (3) a life annuity payment under Section
23 824.402(a)(4), Government Code;
- 24 (4) an annuity for a guaranteed period of 60 months
25 under Section 824.402(a)(3), Government Code; or
- 26 (5) an alternate payee annuity payment under Section
27 804.005, Government Code.

1 (f) If the annuitant is a retiree or a beneficiary under an
2 optional retirement payment plan, to be eligible for the
3 supplemental payment, the effective date of the retirement of the
4 member of the Teacher Retirement System of Texas must have been
5 before December 31, 2024. If the annuitant is a beneficiary under
6 Section 824.402(a)(3) or (4), Government Code, to be eligible for
7 the supplemental payment, the date of death of the member of the
8 retirement system must have been before December 31, 2024. The
9 supplemental payment shall be made to an alternate payee who is an
10 annuitant under Section 804.005, Government Code, only if the
11 annuity payment to the alternate payee commenced before December
12 31, 2024. The supplemental payment is in addition to the guaranteed
13 number of payments under Section 824.204(c)(3) or (4) or
14 824.402(a)(3), Government Code, and may not be counted as one of the
15 guaranteed monthly payments.

16 (g) The supplemental payment does not apply to payments
17 under:

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

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

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

26 (4) Section 824.501(a), Government Code, relating to
27 retiree survivor beneficiaries who receive a survivor annuity in an

1 amount fixed by statute; or

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

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

9 SECTION 3. Section 824.704, Government Code, as added by
10 this Act, applies only to a monthly benefit payment made by the
11 Teacher Retirement System of Texas on or after January 1, 2026.

12 SECTION 4. The Teacher Retirement System of Texas is
13 required to make a cost-of-living adjustment under Section 824.704,
14 Government Code, as added by this Act, or a one-time supplemental
15 payment of benefits under Section 2 of this Act only if the board of
16 trustees of the Teacher Retirement System of Texas finds that the
17 legislature appropriated money to the retirement system in an
18 amount sufficient to provide the adjustment or payment without
19 increasing the unfunded actuarial liabilities of the retirement
20 system. The amount appropriated by the legislature to provide the
21 adjustment or payment must be in addition to any amounts the state
22 is required to contribute to the retirement system under Section
23 825.404, Government Code. If the board of trustees of the Teacher
24 Retirement System of Texas finds that the legislature did not
25 appropriate money in an amount sufficient to provide the
26 cost-of-living adjustment or one-time supplemental payment without
27 increasing the unfunded actuarial liabilities of the retirement

1 system, the retirement system may not make the adjustment or
2 payment.

3 SECTION 5. This Act takes effect September 1, 2025.