

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 annuity payment;

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

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

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

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

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

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

10 (d) If the annuitant:

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

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

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

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

22 (A) the annuitant must be living on the effective
23 date of the adjustment; and

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

27 (3) is an alternate payee under Section 804.005, to be

1 eligible for the adjustment:

2 (A) the annuitant must be living on the effective
3 date of the adjustment; and

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

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

9 (f) The amount of the adjustment provided under this section
10 is computed by multiplying the amount of the monthly benefit
11 subject to the adjustment by the following percentage rate, as
12 applicable:

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

14 (A) if the effective date of retirement of the
15 member of the retirement system on whose service the annuity is
16 based was on or before August 31, 2014, seven percent; and

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

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

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

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

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

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

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

5 (g) The board of trustees shall recompute the amount of an
6 annuity paid monthly under this chapter, Chapter 820, or Chapter
7 804, as applicable, by applying the adjustment required under
8 Subsection (f) to the monthly amount otherwise required to be paid
9 under the applicable chapter. The adjustment under this section is
10 in addition to the adjustment, if any, granted under Section
11 814.604 or any other law.

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

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

18 SECTION 3. This Act takes effect immediately if it receives
19 a vote of two-thirds of all the members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2025.