By: Martinez H.B. No. 404

A BILL TO BE ENTITLED

AN ACT

relating to cost-of-living increases applicable to certain 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 Section 824.704 to read as follows:

Sec. 824.704. COST-OF-LIVING ADJUSTMENTS FOR INFLATION; ANNUAL DETERMINATION. (a) Notwithstanding any other law, the amount of a service retirement benefit, disability retirement benefit, or death benefit paid under this chapter is adjusted in accordance with this section as necessary to reflect inflation.

(b) Each year, during the last seven days of October, the board of trustees shall set the rate of the adjustment for the next calendar year to equal the annual percentage increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) published by the Bureau of Labor Statistics of the United States Department of Labor as determined by the commissioner of social security under 42 U.S.C. Section 415(i) for purposes of providing an annual cost-of-living increase to social security benefit payments payable in the next calendar year.

(c) Subject to Subsection (d), the board of trustees shall increase the amount of a benefit payable under this chapter by applying the adjustment rate set by the board of trustees under Subsection (b) to the amount otherwise required to be paid as

determined in accordance with the other applicable provisions of this chapter.

(d) The board of trustees may not pay a benefit increase under this section in any calendar year unless the board finds that the retirement system is actuarially sound and has money available to pay increased benefits in that year. If the board of trustees finds that the retirement system is actuarially sound, but that the amount of money available is not sufficient to pay the full amount of the adjustment under Subsection (b), the board shall compute the largest rate of adjustment possible for the amount of money available while maintaining the actuarial soundness of the system and shall use that rate in increasing benefits under Subsection (c) for that calendar year.

SECTION 2. This Act applies only to a benefit paid by the Teacher Retirement System of Texas on or after January 1, 2028.

SECTION 3. This Act takes effect September 1, 2027.