By: Menéndez S.B. No. 108

A BILL TO BE ENTITLED

AN ACT

relating to providing a one-time supplemental payment and 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 2028. (a) The amount of a service retirement, disability retirement, death, or other monthly benefit paid under this chapter 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 2027, 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;

(3) a standard or occupational disability retirement annuity payment;

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

(5) an alternate payee annuity payment under Section

804.005.

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

(1) based on service credited in the elected class; or

(2) under a subtitle other than this subtitle except as provided by Subsection (b)(5).

(d) If the annuitant:

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

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

(B) the effective date of the retirement of the member of the retirement system on whose service the annuity is based must have been before September 1, 2026;

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

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

(B) the date of death of the member of the retirement system on whose service the annuity is based must have been before September 1, 2027; or

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

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

(B) the effective date of the annuitant's

election to receive the annuity payment must have been before September 1, 2027.

(e) An adjustment under this section must be made beginning with an annuity payable for the month of January 2028.

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

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

(A) if the effective date of retirement of the member of the retirement system on whose service the annuity is based was before January 1, 2009, eight percent;

(B) if the effective date of retirement of the member of the retirement system on whose service the annuity is based was on or after January 1, 2009, but before January 1, 2021, six percent;

(C) if the effective date of retirement of the member of the retirement system on whose service the annuity is based was on or after January 1, 2021, but before January 1, 2026, four percent; and

(D) if the effective date of retirement of the member of the retirement system on whose service the annuity is based was on or after January 1, 2026, two percent;

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

(A) if the date of the death of the member of the retirement system on whose service the annuity is based was before January 1, 2009, eight percent;

(B) if the date of the death of the member of the retirement system on whose service the annuity is based was on or after January 1, 2009, but before January 1, 2021, six percent;

(C) if the date of the death of the member of the retirement system on whose service the annuity is based was on or after January 1, 2021, but before January 1, 2026, four percent; and

(D) if the date of the death of the member of the retirement system on whose service the annuity is based was on or after January 1, 2026, two percent; and

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

(A) if the effective date of the annuitant's election was before January 1, 2009, eight percent;

(B) if the effective date of the annuitant's election was on or after January 1, 2009, but before January 1, 2021, six percent;

(C) if the effective date of the annuitant's election was on or after January 1, 2021, but before January 1, 2026, four percent; and

(D) if the effective date of the annuitant's election was on or after January 1, 2026, two percent.

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

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

SECTION 2. (a) Subject to Section 811.006, Government Code, the Employees Retirement System of Texas shall make a one-time supplemental payment of a service retirement, disability retirement, death, or other monthly benefit, as provided by this section.

(b) The supplemental payment is payable in January 2028 and, to the extent practicable, on a date or dates that coincide with the regular annuity payment payable to each eligible annuitant.

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

(1) $10,000, if the effective date of retirement, or the date of death, of the member of the retirement system on whose service the annuity is based, or the effective date of the annuitant's election to receive the annuity payment under Section 804.005, Government Code, was before January 1, 2009;

(2) $7,500, if the effective date of retirement, or the date of death, of the member of the retirement system on whose service the annuity is based, or the effective date of the annuitant's election to receive the annuity payment under Section 804.005, Government Code, was on or after January 1, 2009, but before January 1, 2021;

(3) $5,000, if the effective date of retirement, or the date of death, of the member of the retirement system on whose service the annuity is based, or the effective date of the annuitant's election to receive the annuity payment under Section

804.005, Government Code, was on or after January 1, 2021, but before January 1, 2026; and

(4) $2,500, if the effective date of retirement, or the date of death, of the member of the retirement system on whose service the annuity is based, or the effective date of the annuitant's election to receive the annuity payment under Section 804.005, Government Code, was on or after January 1, 2026.

(d) The Employees Retirement System of Texas shall make applicable tax withholding and other legally required deductions before disbursing the supplemental payment. A supplemental payment under this section is in addition to the regular monthly annuity payment to which the eligible annuitant is otherwise entitled.

(e) Subject to Subsection (f) of this section, to be eligible for the supplemental payment, a person must be, for the month of December 2027, an annuitant eligible to receive based on service credited in the employee class:

(1) a standard retirement annuity payment;

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

(3) a standard or occupational disability retirement annuity payment;

(4) a death benefit annuity payment under Section 814.301(a) or 814.305, 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 Employees Retirement System of Texas must have been on or before September 1, 2026. 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 on or before September 1, 2026. The supplemental payment is in addition to the guaranteed number of payments under Section 814.108, Government Code, and may not be counted as one of the guaranteed monthly payments.

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

(1) based on service credited in the elected class; or

(2) under a subtitle other than Subtitle B, Title 8, Government Code, except as provided by Subsection (e)(5) of this section.

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

SECTION 3. Section 814.605, Government Code, as added by this Act, applies only to a monthly benefit payment made by the Employees Retirement System of Texas on or after January 1, 2028.

SECTION 4. The Employees Retirement System of Texas is required to make a cost-of-living adjustment under Section 814.605, Government Code, as added by this Act, or a one-time supplemental payment of benefits under Section 2 of this Act only if the board of trustees of the Employees Retirement System of Texas finds that the

legislature appropriated money to the retirement system in an amount sufficient to provide the adjustment or payment without increasing the unfunded actuarial liabilities of the retirement system. The amount appropriated by the legislature to provide the adjustment or payment must be in addition to any amounts the state is required to contribute to the retirement system under Subchapter E, Chapter 815, Government Code. If the board of trustees of the Employees Retirement System of Texas finds that the legislature did not appropriate money in an amount sufficient to provide the cost-of-living adjustment or one-time supplemental payment without increasing the unfunded actuarial liabilities of the retirement system, the retirement system may not make the adjustment or payment.

SECTION 5. This Act takes effect September 1, 2027.