

## **BILL ANALYSIS**

Senate Research Center

H.B. 80  
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State Affairs  
8/10/2017  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Teacher Retirement System of Texas (TRS) delivers retirement and related benefits as authorized by law for TRS members and their beneficiaries.

H.B. 80 makes a one-time cost-of-living adjustment applicable to certain benefits paid by TRS as soon as practicable after the TRS board of trustees finds that payment of the adjustment would not violate Section 821.006, Government Code.

H.B. 80 amends current law relating to a cost-of-living adjustment applicable to certain benefits paid by the Teacher Retirement System of Texas, including a related study.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter H, Chapter 824, Government Code, by adding Section 824.703, as follows:

Sec. 824.703. ADDITIONAL COST-OF-LIVING ADJUSTMENT. (a) Requires that the Teacher Retirement System of Texas (TRS), notwithstanding Section 824.702 (Cost-of-Living Adjustment) and subject to Section 821.006 (Action Increasing Amortization Period), make a one-time cost-of-living adjustment payable to annuitants receiving a monthly death or retirement benefit annuity, as provided by this section.

(b) Requires a person, subject to Subsections (c) and (d), to be eligible for the adjustment, to be, on the effective date of the adjustment and disregarding any forfeiture of benefits under Section 824.601 (Loss of Monthly Benefits), an annuitant eligible to receive:

- (1) a standard service or disability retirement annuity payment;
- (2) an optional service or disability retirement annuity payment as either a retiree or beneficiary;
- (3) an annuity payment under Section 824.402(a)(3) (relating to a certain designated beneficiary being eligible for 60 monthly payments of a standard service retirement annuity computed in a certain way) or (4) (relating to a certain designated beneficiary being eligible for an optional retirement annuity for the designated beneficiary's life in a certain amount);
- (4) an annuity payment under Section 824.502 (Benefits on Death of Disability Retiree); or

(5) an alternate payee annuity payment under Section 804.005 (Payment in Certain Circumstances in Lieu of Benefits Awarded by Qualified Domestic Relations Order).

(c) Provides that if the annuitant:

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

(A) the annuitant is required to be living on the effective date of the adjustment; and

(B) the effective date of the retirement of the TRS member is required to have been after August 31, 2004, and on or before August 31, 2015;

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

(A) the annuitant is required to be living on the effective date of the adjustment; and

(B) the date of death of the TRS member is required to have been after August 31, 2004, and on or before August 31, 2015; or

(3) is an alternate payee under Section 804.005, the annuitant is eligible for the adjustment only if the effective date of the election to receive the annuity payment was after August 31, 2004, and on or before August 31, 2015.

(d) Provides that an adjustment made under this section does not apply to payments under certain sections.

(e) Requires that an adjustment under this section be made as soon as practicable after the board of trustees of TRS (board) finds that payment of the adjustment would not violate Section 821.006. Provides that an adjustment is limited to the lesser of an amount equal to three percent of the monthly benefit subject to the increase or \$100 a month.

(f) Requires the board to determine the eligibility for and the amount of any adjustment in monthly annuities in accordance with this section.

SECTION 2. (a) Requires TRS, using existing resources, to conduct a study on future cost-of-living adjustments payable to an annuitant receiving a monthly death or retirement annuity, including projections on future cost-of-living adjustments and a review of structural changes affecting cost-of-living adjustments, including the feasibility of offering an alternative annuity payment option to retirees under which the standard service retirement annuity provided under Subchapter C (Service Retirement Benefits), Chapter 824 (Benefits), Government Code, is payable on a graduated scale with annuity payments increasing on an annual basis. Requires TRS, in conducting a study under this section, to only consider alternative annuity payment options that are projected by TRS's actuary to have no fiscal impact to the state.

(b) Requires TRS, not later than September 1, 2018, to submit to the legislature a written report on the results of the study and any recommendations for legislative or other action.

(c) Provides that this section expires September 1, 2019.

SECTION 3. Effective date: upon passage or December 1, 2017.