
Finance Committee

DEPARTMENT: Human Resources

FROM: Cheryl Marthiljohni, Director of Human Resources

MEETING: March 5, 2025

SUBJECT:

Receive a report and provide possible recommendations regarding the Texas Municipal Retirement System (TMRS) Non-Retroactive Cost of Living Adjustment (COLA). (*Staff Contact: Cheryl Marthiljohni, Director of Human Resources*)

SUMMARY:

An attractive element of the City of Burleson's overall benefit package is the Texas Municipal Retirement System (TMRS) retirement plan. As a TMRS Member, employees can qualify to receive a monthly retirement benefit for life and possibly the life of any beneficiary.

A COLA is a cost-of-living adjustment that increases a retiree's or beneficiary's monthly benefit to help offset inflation. TMRS uses the Consumer Price Index (CPI-U*) to measure inflation.

TMRS cities can provide a COLA that is 30%, 50%, or 70% of the change in the CPI-U. The City of Burleson provides a retro COLA for retirees at 70% of the Consumer Price Index (CPI-U).

Effective May 27, 2023, the Texas Legislature amended the TMRS Act to provide participating cities with a new repeating COLA option. Currently, a COLA must be calculated retroactively by looking back to the cumulative change in the Consumer Price Index (CPI-U) since each retiree's retirement date. The new non-retroactive repeating COLA option eliminates the retroactive calculation by only looking back to the change in the CPI-U for the one-year period that ends 12 months before the COLA's effective date (the "New COLA Option").

In almost every case, the New COLA Option will be slightly less expensive for a city than a repeating COLA calculated retroactively. While the impact of the New COLA Option on each retiree depends on many factors, no retiree's current monthly benefit will be reduced.

Cities that have a 70% retroactive repeating COLA as of January 1, 2023, can pass a new ordinance to maintain the 70% COLA with the non-retroactive calculation.

A city does not have to adopt the New COLA Option. All current repeating or ad hoc COLA options with the retroactive calculation are still in place. However, to adopt the New COLA Option, a city must pass an ordinance and provide it to TMRS by December 31 for a January 1

effective date. Adopting the New COLA Option replaces any previous COLA and remains in effect until the city adopts any ordinance impacting COLAs.

RECOMMENDATION:

Not applicable

PRIOR ACTION/INPUT (Council, Boards, Citizens):

Not applicable

REFERENCE:

Not applicable

FISCAL IMPACT:

Not applicable

STAFF CONTACT:

Cheryl Marthiljohni
Director of Human Resources
cmarthiljohni@burlesontx.com
817-426-9641