
City Council Regular Meeting

DEPARTMENT: Human Resources

FROM: Cheryl Marthiljohni, Director of Human Resources

MEETING: June 16, 2025

SUBJECT:

Consider and take possible action on a resolution accepting the current 70% Cost of Living Adjustment (COLA) with the retroactive calculation for the city's Texas Municipal Retirement System (TMRS) plan provision. (*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) to measure inflation.

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

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) 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 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.

City staff met with employees and retirees to gather feedback on whether the city should maintain its current 70% COLA with the retroactive calculation or accept the new 70% COLA, with the non-retroactive calculation. Staff met with representatives from the Police and Fire Employee Associations, the Employee Benefits Committee, and City of Burleson Retirees. Staff received unanimous feedback to maintain the current 70% retroactive calculation.

On May 27, 2025, the City Council confirmed the direction to maintain the city's current retroactive calculation as included in the current city's Texas Municipal Retirement System (TMRS) plan provisions, essentially making no new changes.

RECOMMENDATION:

Not applicable

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

Reviewed with Finance Committee on March 5, 2025, and May 7, 2025.

Reviewed with City Council on May 27, 2025.

REFERENCE:

Not applicable

FISCAL IMPACT:

Not applicable

STAFF CONTACT:

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