COLA: New Repeating Option

FOR RETIREES

Effective May 27, 2023, the Texas Legislature amended the TMRS Act to provide participating cities with a new repeating COLA option.

What is the new repeating COLA option?

Currently, COLAs are calculated retroactively by looking back to the cumulative change in the Consumer Price Index (CPI) since each retiree's retirement date, which can be many years. The new option calculates the COLA only going back to the change in the CPI for one year. Cities have a three-year period (2023-2025) in which to adopt the new option.

How can a city use the new repeating COLA option?

A city only can use the new repeating COLA option to maintain or increase their repeating COLA CPI percentage. They cannot decrease it.

How does the new repeating COLA option impact a retiree?

It won't unless a city adopts the new option. A city does not have to adopt the new repeating COLA option. If a city does adopt it, the impact on each retiree depends on many factors, but no retiree's current monthly benefit will be reduced.

What if a retiree receives a repeating COLA?

If a retiree is receiving a repeating COLA, that COLA remains in effect, absent city action. Again, nothing changes unless a city takes action to change its repeating COLA.

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