

HCS HB 2095 -- COST OF LIVING INCREASES ON CERTAIN RETIREMENT ALLOWANCES

SPONSOR: Haley

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 9 to 0 with 3 members voting present.

The following is a summary of the House Committee Substitute for HB 2095.

Currently, retired members of the Public School Retirement System ("PSRS") and the Public Education Employee Retirement System ("PEERS") may receive yearly cost of living adjustments on monthly retirement allowances, but the total of the cost of living adjustments must not exceed 80% of a member's original monthly retirement allowance.

Under the provisions of this bill, annual increases can be approved by the Board of Trustees beginning December 31, 2026, and every December 31st thereafter, except the increases to the limitation must not exceed 2% per year.

Additionally, if the investments of the system earn 2% or greater returns than the investment return rate adopted by the Board in a given year, the 80% cap limitation on the total cost of living adjustments may be increased by 2% for that year. However, the cost of living adjustments above 80% are not cumulative.

This bill is the similar as HB 329 (2025).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROponents: Supporters say that there are currently retired teachers that have reached the cap on cost of living allowances and thus are limited in the amount of retirement they may receive. Inflation increases but these teachers are negatively impacted even when the system itself is doing well. This small change would benefit a small group of teachers and should be actuarially sound.

Testifying in person for the bill were Representative Haley and Missouri Retired Teachers Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say the Missouri State Teacher Retirement System is the 91st largest fund in the world and over the last 15 years there has been a cost of living increase of 30%. Over that same period the rate for teachers and districts has been maintained as well. This is in part due to a high assumed rate of return and that the last benefit for members of the system was 30 years ago.

Testifying in person on the bill was Public School Retirement System of Missouri/Public Education Employee Retirement System of Missouri.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.