



Pension COLA Announced

The annual Cost-of-Living Adjustment (COLA) is 2.5%, for a maximum annual increase of \$450, or \$37.50 per month before taxes, starting with this month's payment (October). You will receive a notification of the net change in your pension amount from the Retirement System.

State law requires COLA payments to be calculated based on 50 percent of the annual rate of inflation, measured at the end of the State fiscal year (March 31). Once you are eligible, your annual COLA is at least 1 percent, but no more than 3 percent, of your benefit. If your pension benefit is less than \$18,000, your COLA payment is calculated on your actual pension amount.

To begin receiving COLA payments, you must be:

- Age 62 or older and retired for five or more years; or
- Age 55 or older and retired for ten or more years (applies to uniformed employees such as police officers, firefighters and correction officers who are covered by a special retirement plan that allows for retirement, regardless of age, after 20 or 25 years); or
- A disability retiree for five years; or
- The spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement

One of RPEA's highest priorities next session is to improve the COLA formula (which hasn't changed in 23 years). Our bill S.6370 (Jackson)/A.7023 (Pheffer-Amato) would raise the threshold from \$18,000 to \$21,000 and provide a "catch-up" provision to authorize the actual COLA for each of the past 23 years, while still maintaining the 3% cap. While the "catch up" provision helps everyone who is COLA eligible, the greatest benefit goes to older retirees who have much smaller pensions. Twenty four percent of retirees have a pension under \$10,000.

This is what RPEA does.