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Firefighters' Retirement System – HR 136 Committee Discussion

MOST IMPORTANT FACT - Granting a cost-of-living increase to retirees (whether a permanent benefit increase or a one-time payment) has a cost. There is simply no way to avoid that. That is true for systems that claim to fund COLAs from "excess investment earnings", it is true with systems that fund through an increase in the normal cost or UAL, and it would be true if pre-funded through a Funding Deposit Account.

A change to direct recognition of added employer costs to prefund a COLA does not in any way change the cost of the COLA. Only a change in COLA design can affect the cost of providing a COLA. However, pre-funding can accumulate assets at an earlier date and thus produce greater investment earnings.

To date, FRS has funded COLAs through an increase in its UAL with scheduled payments over a specified amortization period. In the 1980s, COLA liabilities were spread over 30 years. Beginning in 1990 they were spread over 15 years. In 2002, all outstanding UAL was bundled into one base and re-spread over 27 years. In 2019 all remaining non-merger bases were combined and amortized over 15 years.

Firefighters' Retirement System - COLA History

Date Granted	Primary COLA	Over 65 Supplemental	Initial Cost	Initial Amortization Period
7/1/1983	3% original	2% over 65	$ 479,355	30
7/1/1984	3% original	2% over 65	$ 512,910	30
7/1/1985	3% original	2% over 65	$ 548,814	30
1/1/1987	2.258% original	2% over 65	$ 555,060	30
1/1/1988	3% original	2% over 65	$ 561,306	30
1/1/1989	3% Current	2% over 65	$ 567,551	30
1/1/1990	3% Current	2% over 65	$ 573,797	15
1/1/1991	3% Current	2% over 65	$ 2,411,678	15
1/1/1992	3% Current	2% over 65	$ 2,403,871	15
1/1/1993	3% Current	2% over 65	$ 2,396,064	15
1/1/1994	3% Current	2% over 65	$ 2,388,256	15
1/1/1996	3% Current	2% over 65	$ 3,935,261	15
1/1/1997	3% Current	2% over 65	$ 4,732,488	15
1/1/1998	3% Current	2% over 65	$ 5,770,331	15
1/1/1999	3% Current	2% over 65	$ 6,416,187	15
1/1/2000	3% Current	1.18% over 65	$ 7,653,588	15
1/1/2006	3% Current	2% over 65	$ 12,495,729	15
1/1/2007	3% Current	2% over 65	$ 13,421,495	15
1/1/2008	3% Current	2% over 65	$ 15,006,752	15
1/1/2009	2.87% Current	2% over 65	$ 16,402,895	20
1/1/2015	3% Current	2% over 65	$ 17,767,886	15

Costs shown in in yellow were estimated based on surrounding years since details were not available.

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How much of today's UAL is due to prior COLAs?

Since FRS has funded COLAs through increases in UAL, the question was raised – How much of today's UAL is due to prior COLAs? This is a complicated question since the outstanding bases in the UAL have been combined and re-amortized on two previous occasions – 2002 and 2019. The actuarial impact of COLAs were not always shown separately from the plan's liability experience in actuarial reports. Therefore, we have made a number of estimates related to the COLA costs from the 1980s and early 1990s. (See chart below for the remaining UAL balance in the 2021 valuation related to previous COLAs)

Pre-2002 COLAs	$	18,831,832
2006 COLA	$	2,330,507
2007 COLA	$	3,625,468
2008 COLA	$	5,221,082
2009 COLA	$	10,128,769
2015 COLA	$	13,504,830
	$	53,642,486

The past methodology and legislative changes to the UAL have resulted in a portion of each past COLA residing in today's UAL. For example, the 1983 COLA was spread over 30 years. In 2002, when legislation bundled the remaining UAL this COLA was not yet fully amortized. The remaining piece was then added to the bundled UAL and amortized over 27 years. Before that amortization base was fully amortized, the UAL was again bundled in 2019 and spread over 15 years. Therefore, a piece of that COLA exists in today's UAL. This is true for each past COLA given the amortization periods and re-amortization in 2002 and 2019.

DISCUSSION ITEM #1 – COLA variety/COLA design

To affect the cost of COLAs, you must change the rules used to determine who gets the COLA or change the type of COLA or change the size of the COLA. Included in the materials presented to the Committee is a copy of the NASRA (National Association of State Retirement Administrators) COLA Brief from June 2022. In addition to some general comments on classification of types of COLAs, it provides a comparison of COLA varieties among many of the state retirement systems in the United States. As you consider the various components of COLAs, this may serve as reference material.

COLAs can be automatic (meaning they are provided without Board or Legislative approval although in some cases certain benchmarks must be met) or ad hoc (where they require specific approval and may also require that certain benchmarks be met). Louisiana has relied on ad hoc COLAs to provide retirees with a modest level of protection from inflation after their retirement, but retirees and survivors have not come close to keeping up with inflation. This is likely because of the cost of providing that level of protection.

The cost of fully protecting retiree benefits from inflation is significant. Many states that have provided for automatic COLAs in the past found that the cost was unsustainable. A few of these states have reduced or limited the size of automatic COLAs available to retirees. In addition, a number of states have added that the COLA percentage may not exceed the annual increase in CPI. Still others added limits that allow future COLAs only when certain funding thresholds are met. Others increased the waiting period or reduced the percentage applicable to future COLAs. In some cases, reductions in future COLA levels resulted in legal challenges at the state level. The NASRA brief shows 3 states where the state supreme court upheld those changes.

As the Firefighters' Retirement System considers its way forward on the issue of COLAs, the system is in good company. Similar discussions are happening nationwide. In creating any sort of COLA plan, policy makers must determine the amount of COLA to give, who will receive those COLAs, under what circumstances those COLAs will be authorized, and how to fund those COLAs.

The amount of COLA to give:

a. COLAs can be based on a set percentage of benefits
    i. Which portion of the benefit is used to compute the COLA?
        1. Offer COLAs on entire benefit
        2. Offer COLAs on a set dollar value – example – pay on 1st $10,000 per year
            a. Set dollar value could be indexed to some CPI value
            b. Set dollar value could be based on poverty levels
        3. Offer COLAs on a set of dollar values dependent on other measures such as time retired or service credit prior to retirement
        4. Offer COLAs on benefit up to the average benefit being paid or some multiple of this amount. Without a secondary criteria based on service credit, this could result in giving majority of COLAs to low service retirees.
    ii. Use original benefit or current benefit?
    iii. Limit annual COLA to level of one year or cumulative CPI increase?
b. Instead of COLAs based on a set percentage of benefits, a COLA could be calculated on other measures
    i. Years of membership service prior to retirement
    ii. Years since benefit commencement
    iii. A combination of i. and ii.
c. One-time payments
    i. 13th check
    ii. Single amount based on % of monthly/annual check
    iii. Set dollar amount to each qualifying individual
    iv. Amount based on years of service and/or time since benefit commencement

Who will receive COLAs:

a. Can set eligibility based on time retired
    i. Minimum standard requires retirement for at least 1 year
    ii. An increase to minimum time retired decreases the pool of recipients
b. Can set eligibility based on time worked prior to retirement
c. Can set based on a minimum age as of the date COLA is granted
d. Can limit to members who retired on or after a particular age
e. Can limit to members who have service plus age in excess of a particular level
    i. Example – Rule of 80 (Service of 20 years and at least age 60)
f. Can limit payments to those whose benefits are below a particular level

When/how will COLAs be authorized:

a. Automatically?
    i. Based on time since last COLA was granted
    ii. Based on meeting certain criteria
        1. Sufficient funds to pre-pay
        2. "Sufficient" experience gains (Gain-sharing)
        3. Specific increase in CPI
        4. Exceeding specified funded ratio
        5. Limited to years when ER contribution rate is below a specified threshold
    iii. A combination of I. and ii.
    iv. Note: Any COLA that gained constitutional protection as a contractual obligation would require consistent funding, regardless of the level of employer contributions
b. Require board approval?
    i. Only if certain criteria met
    ii. Whenever board deems appropriate
    iii. Opportunistic funding – when costs go down, keep level and add funds to FDA

How to fund these COLAs:

a. Fund once COLA is granted
    i. Increase normal cost
    ii. Increase in UAL
b. "Pre-fund" through change in plan assumptions
    i. Account for a stream of expected future COLAs
    ii. Experience Account
    iii. Prefunding could increase the chance of future ad hoc COLAs if Board members are more likely to approve COLAs where funding is already included in the employer contribution rate
c. Pre-fund through dedicated additional contributions-funding deposit account

Current statutes place the cost obligation for COLAs on the employers of the system. Because there is no prefunding mechanism currently in place (whether through a side fund or a recognition of future COLAs within the system's actuarial assumptions), costs are reflected beginning with the first actuarial valuation following the approval of the COLA by the Board of Trustees.

There are differences of opinion between the system's actuary and the actuaries for the Legislative Auditor regarding the current practice of accounting for COLAs. Despite the difference in opinion that has existed, I believe that we would agree that prefunding of cost-of-living increases is preferable.

Groups to consider:

1. Future members
    a. Challenge is to offer COLAs to new hires without causing a guarantee of future COLAs that gain constitutional protections
2. Current members
    a. If you begin accumulating money for current member COLAs, it can be difficult to allocate between members near retirement and those far from retirement.
    b. Money accumulated in a pool would begin to be spent on COLAs for those nearest retirement first. Would there be funds available for those who cannot retire for a long time when accumulated funds would first be spent on those near eligibility?
3. Retirees and Survivors
    a. Those already retired or those receiving survivor benefits have completed the period of funding for their benefits. Any COLAs must be funded through contributions as a percentage of active member payroll or as a direct annual allocation
    b. As the relative size of retirees and survivors to active membership increases, the cost of providing retiree/survivor COLAs based on active payroll goes up.

You do not have to approach all groups in the same way, but there are many complications in trying to treat different groups in a different manner.

Questions to answer:

When you consider all of these types of COLAs and think about funding, it becomes apparent that there are many important questions to answer:

1. Should COLAs be used to fully or partially offset inflation after a member retires? What level of inflation protection do you want to provide to retirees/survivors?
    a. Can members, employers, and/or taxpayers afford lifetime benefits at current levels plus an amount necessary to offset the cost of full or partial inflation protection?
    b. If the Board or legislature wishes to offset inflation, would COLAs be set based on an inflation assumption or tied to actual inflation?
        i. Recent experience shows how volatile actual rates of inflation can be.
2. Once the goal of a COLA program is decided, affordability must be reviewed

   a. To truly offset inflation, COLAs would have to occur every year.
   b. History has shown that even less frequent COLAs that do not keep up with inflation may result in costs that are not affordable to every employer.
3. Who should fund COLAs?
   a. Employees
      i. If employee contributions are increased to fund COLAs, what happens if those contributions are refundable
      ii. Is an employee contribution expected to fund that individual's COLAs or to be pooled to fund all employee COLAs?
         1. If employee contributions are intended to fund the individual's own COLAs, those who terminate service prior to retirement eligibility could receive a full refund of their employee contributions because they would no longer need to fund future COLAs.
         2. If employee contributions are intended to be pooled to fund future COLAs for employees who remain employed until retirement, allowing refundability has its challenges.
         3. In any case, where employee contributions are intended to be pooled to fund future COLAs, refundability means that a higher employee rate would be necessary to fund future COLAs
   b. Employers
      i. Because employer contributions are not refundable, they offer a cleaner approach to COLA funding
      ii. Any increase in employee contributions could be applied to the funding of base benefits to avoid refundability issues
   c. Other sources
      i. Dedicated taxes could be targeted toward COLAs

STATISTICS

STATUS	COUNT	COUNT retired at least 1 year on 1/1/2022	COUNT retired 1 year and at least age 65
Regular Retirees	2,028	1,971	1,032
Disabled Retirees	140	137	52
Survivors In Payment	410	410	259
TOTAL	2,578	2,518	1,343

STATUS	TOTAL ANNUAL BENEFITS	TOTAL ANNUAL COLA of 3% CURRENT BENEFIT TO THOSE RETIRED 1 YEAR	TOTAL PRESENT VALUE OF COLA BENEFITS
Regular Retirees	96,146,465	2,781,745	
Disabled Retirees	3,196,671	93,791	
Survivors In Payment	8,918,957	267,569	
TOTAL	108,262,093	3,143,105	32,458,618

STATUS	TOTAL ANNUAL BENEFITS	TOTAL ANNUAL COLA of 2% ORIGINAL BENEFIT TO THOSE RETIRED 1 YEAR AND AGE 65	TOTAL PRESENT VALUE OF COLA BENEFITS
Regular Retirees	96,146,465	774,818	
Disabled Retirees	3,196,671	15,659	
Survivors In Payment	8,918,957	85,030	
TOTAL	108,262,093	875,507	7,781,852

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STATUS	TOTAL ANNUAL BENEFITS	13th CHECK TO THOSE RETIRED 1 YEAR	TOTAL PRESENT VALUE OF COLA BENEFITS
Regular Retirees	96,146,465	7,727,058	7,727,058
Disabled Retirees	3,196,671	260,528	260,528
Survivors In Payment	8,918,957	743,247	743,247
TOTAL	108,262,093	8,730,363	8,730,363

STATUS	AVERAGE ANNUAL BENEFIT	LARGEST ANNUAL BENEFIT	SMALLEST ANNUAL BENEFIT	MEDIAN ANNUAL BENEFIT
Regular Retirees	$47,409	$140,340	$5,033	$44,869
Disabled Retirees	$22,833	$60,242	$3,641	$22,678
Survivors In Payment	$21,754	$93,769	$1,638	$19.118

Funding Deposit Account: COLA Frequency Estimates Part 1

In order to understand the potential frequency of future COLAs should the board of trustees choose to prefund future COLAs at a set level above the contribution rate, we made certain estimates of payroll and COLA costs in future years. The following chart shows COLA frequency at 3 specified levels of funding above the actuarial minimum contribution rate and 3 specific COLA percentage

Level Annual % COLA Account Funding	Years to Fund a 1% COLA	Years to Fund a 2% COLA	Years to Fund a 3% COLA
1%	5	11	16
2%	3	5	8
3%	2	4	5

Funding Deposit Account: COLA Frequency Estimates Part 2

Required funding level to fund a 3% COLA every 2 years	7.20%
Required funding level to fund a 3% COLA every 3 years	4.83%
Required funding level to fund a 3% COLA every 4 years	3.65%
Required funding level to fund a 3% COLA every 5 years	2.94%
Required funding level to fund a 2% COLA every 2 years	4.80%
Required funding level to fund a 2% COLA every 3 years	3.22%
Required funding level to fund a 2% COLA every 4 years	2.43%
Required funding level to fund a 2% COLA every 5 years	1.96%
Required funding level to fund a 1% COLA every 2 years	2.40%
Required funding level to fund a 1% COLA every 3 years	1.61%
Required funding level to fund a 1% COLA every 4 years	1.22%
Required funding level to fund a 1% COLA every 5 years	0.98%

Reference Materials

The current COLA statutes relevant to FRS include R.S. 11:241, R.S. 11:243, R.S. 11:246, R.S. 11:247, and R.S. 11:2260(A)(7):

SUMMARY OF R.S. 11:241 – Once called the A+B COLA, it allows targeting the largest COLAs to those who worked the most years of service credit prior to retirement and have been retired the most years. The monthly COLA is capped at $1 times (Years of credited service + Years receiving benefits). To price this COLA we would need additional data related to the service credit of retirees prior to their retirement and of former members whose death has led to a survivor receiving benefits.

§241. Purpose; formula for distribution

A. The purpose of this Subpart is to provide with respect to a system of cost-of-living adjustments for retirees of public retirement systems, funds, and plans as specified herein. The provisions of this Subpart do not repeal provisions relative to cost-of-living adjustments contained within the individual laws governing the systems, funds, and plans affected by the Subpart; however, the provisions of this Subpart are to be controlling in cases of conflicts with the individual laws.

B. Any increase of benefits granted by the legislature or by a state or statewide public retirement system shall be distributed in accordance with the provisions of this Subsection, if the legislature or system does not otherwise specify the terms for such distribution. Any such increase shall be a monthly increase of the benefit of each recipient in the dollar amount equal to the total of the number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

Added by Acts 1980, No. 798, §1, eff. Aug. 1, 1980; Redesignated from R.S. 42:711 by Acts 1991, No. 74, §3, eff. June 25, 1991; Acts 1995, No. 1017, §1, eff. June 29, 1995; Acts 2018, No. 113, §1.

SUMMARY OF R.S. 11:243 – Provides limitations on COLA frequency based on a plan's funded ratio. At a funded ratio of 78.76%, the maximum COLA frequency for FRS is currently once each 4th fiscal year. At an 80% funded level, the maximum COLA frequency would be once each 3rd fiscal year. (In 2013, FRS and the other statewide retirement systems elected to be governed by R.S. 11:243 instead of the old Target Ratio)

§243. Cost-of-living adjustments; permanent benefit increases; restrictions; funding criteria

A. The provisions of this Section shall apply to the following retirement systems:

(1) The Assessors' Retirement Fund.
(2) The Clerks' of Court Retirement and Relief Fund.
(3) The District Attorneys' Retirement System.
(4) The Municipal Employees' Retirement System of Louisiana.
(5) The Parochial Employees' Retirement System of Louisiana.
(6) The Registrars of Voters Employees' Retirement System.
(7) The Sheriffs' Pension and Relief Fund.
(8) The Municipal Police Employees' Retirement System.
(9) The Firefighters' Retirement System.

B. (1) On or before December 31, 2013, the governing authority of each of the retirement systems listed in Subsection A of this Section shall, in a public meeting, make an irrevocable election to have future benefit increases for retirees, survivors, and beneficiaries governed by R.S. 11:242 or this Section. If the governing authority takes no action by the specified date, the provisions of this Section shall not apply, and the benefit increases of that system shall continue to be subject to the provisions of R.S. 11:242.

(2) After the governing authority has made its election, the board of trustees shall inform the speaker of the House of Representatives, the president of the Senate, and the Louisiana State Law Institute of its election in writing.

C. The provisions of this Section do not repeal provisions relative to cost-of-living adjustments or permanent benefit increases contained within the laws governing the systems listed in Subsection A of this Section. However, the provisions of this Section are to be controlling in case of any conflict with such laws.

D. The power of the governing authority of a system covered by this Section to provide a cost-of-living adjustment or permanent benefit increase shall be effective in a particular calendar year only if the legislature fails to enact legislation granting a cost-of-living adjustment, unless in the legislation granting the cost-of-living adjustment, the legislature specifically authorizes the governing authority to provide an additional cost-of-living adjustment to retirees, beneficiaries, or survivors of retired public employees of that system.

E. No governing authority to which this Section applies shall provide a cost-of-living adjustment or permanent benefit increase to any retiree, beneficiary, or survivor during any calendar year prior to the final adjournment of the regular session of the legislature or do so during the same year within which the legislature has granted an increase, unless in the legislation granting the increase, the legislature specifically authorizes the governing body to provide an additional increase to retirees, beneficiaries, and survivors of that system. The restrictions contained in this Subsection shall be inapplicable with respect to any system for which the legislature has failed to grant an increase.

F. Disability retirees and surviving children or surviving spouses shall not be subject to the restrictions set forth in this Section.

G.(1) Notwithstanding any other provision of law to the contrary, no system covered by this Section shall provide a cost-of-living adjustment or permanent benefit increase during any fiscal year until the lapse of at least one-half of the fiscal year, and unless either the funds for such increase are provided as authorized from a credit balance in that system's funding deposit account or the actuary for the system and the legislative auditor certify that the funded ratio of the system meets the requirements of one or more of the Subparagraphs in Paragraph (3) of this Subsection. If the legislative auditor disagrees with the determination of the system's actuary, the matter shall be determined by majority vote of the Public Retirement Systems' Actuarial Committee.

(2) For purposes of this Subsection, a system's "funded ratio" as of any fiscal year end shall be the ratio of the actuarial value of assets to the actuarial accrued liability under the funding method prescribed by the office of the legislative auditor. The actuarial value of assets and actuarial accrued liability for a system shall be those amounts reported to the office of the legislative auditor in the Annual Report for Public Retirement Systems.

(3) The governing authority of a system covered by this Subsection may grant a benefit increase to retirees, survivors, and beneficiaries if any of the following apply:

(a) The system has a funded ratio of ninety percent or more and has not granted a benefit increase to retirees, survivors, and beneficiaries in the most recent fiscal year.

(b) The system has a funded ratio of eighty percent or more and has not granted a benefit increase to retirees, survivors, and beneficiaries in either of the two most recent fiscal years.

(c) The system has a funded ratio of seventy percent or more and has not granted a benefit increase to retirees, survivors, and beneficiaries in any of the three most recent fiscal years.

Acts 2013, No. 170, §1, eff. June 30, 2013; Acts 2014, No. 791, §5.

SUMMARY OF R.S. 11:246 – This general statute provides for a COLA available to 8 of the 9 statewide systems. It provides up to a 2% COLA (based on the member's original benefit) to retirees and beneficiaries who are age 65 and over. Requires the system to have "excess interest" of at least the lifetime cost of the COLA.

§246. Additional cost-of-living adjustments; retirees and beneficiaries over age sixty-five

A. Notwithstanding any other provision of law to the contrary, the provisions of this Section shall apply to the following public retirement systems:

(1) Assessors' Retirement Fund.
(2) Clerks' of Court Retirement and Relief Fund.
(3) District Attorneys' Retirement System.
(4) Municipal Employees' Retirement System of Louisiana.
(5) Parochial Employees' Retirement System.
(6) Registrar of Voters Employees' Retirement System.
(7) Repealed by Acts 2019, No. 77, §2, eff. June 30, 2019.
(8) Municipal Police Employees' Retirement System.
(9) Firefighters' Retirement System.

B. In addition to any other cost-of-living increases which the systems and funds enumerated in Subsection A are authorized by law to provide, the board of trustees may provide, on July 1, 1981 and thereafter, from interest income from investments, a supplemental cost-of-living adjustment to all retirees and beneficiaries who are sixty-five years of age or over, which shall consist of an amount equal to two percent of the benefit being received on October 1, 1977, or on the date the benefit is originally received if retirement commenced after October 1, 1977. No board shall provide such additional increases unless the board has received a rate of return in excess of the valuation interest rate based on the actuarial value of assets for the current fiscal year and the cost-of-living increase provided therein shall be payable only from the investment income in excess of that determined by the application of the valuation interest rate to the actuarial value of assets.

Added by Acts 1981, No. 605, §1, eff. July 20, 1981. Amended by Acts 1982, No. 682, §1; Redesignated from R.S. 42:712.2 by Acts 1991, No. 74, §3, eff. June 25, 1991; Acts 1997, No. 1276, §1; Acts 2001, No. 817, §1, eff. June 26, 2001; Acts 2007, No. 333, §1, eff. July 1, 2007; Acts 2019, No. 77, §2, eff. June 30, 2019.

SUMMARY OF R.S. 11:247 – General statute allowing members to take a reduced benefit that provides automatic COLAs beginning at age 55.

§**247**. Automatic cost-of-living adjustments

A.(1) Upon application for retirement or participation in the Deferred Retirement Option Plan, any member of a state or statewide retirement system may elect to receive an actuarially reduced retirement allowance plus an annual two and one-half percent cost-of-living adjustment. Such an election shall be irrevocable after the effective date of retirement or after the beginning date of participation in the Deferred Retirement Option Plan. The retirement allowance together with the cost-of-living adjustment shall be certified by the system actuary to be actuarially equivalent to the member's maximum or optional retirement allowance and shall be approved by the system's board of trustees.

(2) The annual cost-of-living adjustment of such retirees shall be based on the retirement allowance received pursuant to the retirement plan option selected by the member and the monthly benefit being paid pursuant thereto on the effective date of the increase, inclusive of cost-of-living adjustments paid pursuant to this Section, but exclusive of cost-of-living adjustments or permanent benefit increases paid pursuant to any other provision of law.

(3)(a) The annual cost-of-living adjustment of any Deferred Retirement Option Plan participant shall be credited to the participant's Deferred Retirement Option Plan subaccount during the participation period.

(b) Following participation in the Deferred Retirement Option Plan, the annual cost-of-living adjustment shall be applied to the monthly benefit allowance amount determined by the retirement plan option selected, inclusive of cost-of-living adjustments paid pursuant to this Section, but exclusive of cost-of-living adjustments or permanent benefit increases paid pursuant to any other provision of law. The monthly benefit allowance upon retirement shall reflect the annual benefit adjustments set forth in this Paragraph.

(c) Upon retirement of a Deferred Retirement Option Plan participant, the annual cost-of-living adjustment shall also be applied to any supplemental benefit earned after the participation period in accordance with applicable law.

(d) The provisions of this Section shall not apply to any participant in a Back-Deferred Retirement Option Plan or Program.

(4) If a retiree or Deferred Retirement Option Plan participant has chosen an optional retirement allowance wherein a spouse who has been designated as beneficiary will receive a continuing benefit upon the retiree's or Deferred Retirement Option Plan participant's death, the spouse's cost-of-living adjustment shall be payable based on the spouse's allowance on the effective date of the increase.

B. The annual cost-of-living adjustment authorized by Subsection A of this Section shall be effective annually on the retirement anniversary date of the retiree and shall be payable to any retiree who is age fifty-five or older and not before the retiree would have attained such age if his spouse is receiving the retirement allowance as his designated beneficiary.

C. Additional cost-of-living adjustments or permanent benefit increases granted by the system's board of trustees, as otherwise provided by law, shall be computed on the basis of the retiree's benefit amount on the date such cost-of-living adjustment or permanent benefit increase is granted. If an additional cost-of-living adjustment or permanent benefit increase is scheduled to be effective on the same day as the annual cost-of-living adjustment, the annual cost-of-living adjustment shall be calculated first.

D. Upon application for retirement or participation in the Deferred Retirement Option Plan and upon certifying that he is contemplating availing himself of the provisions of this Section, a member of a state or statewide retirement system may request that the system provide actuarial estimates of the benefits that such member would receive pursuant to Subsection A of this Section for the fifth, tenth, and fifteenth year following the member's anticipated retirement date. The system shall provide such actuarial estimates to the member upon request.

E. This Section shall not be applicable to recipients of disability retirement benefits pursuant to R.S. 11:461 et seq. All other persons receiving disability retirement benefits pursuant to the provisions of this Title shall be eligible to elect this retirement option upon conversion to a service retirement, if applicable, under the provisions of this Title for each state or statewide retirement system.

Acts 2009, No. 270, §1, eff. July 1, 2009; Acts 2010, No. 861, §4.

SUMMARY OF R.S. 11:2260(A)(7) – FRS specific statute that provides for a COLA for retirees and survivors of up to 3% of a recipient's current retirement benefit when interest earnings on investments sufficiently exceed the expected investment earnings based upon the assumed rate of return by at least the lifetime cost of the COLA.

§2260. Administration

A. Board of trustees:

...

(7) The board of trustees is authorized to use interest earnings on investments of the system in excess of normal requirements, as determined by the actuary, to provide annual supplemental monthly cost-of-living adjustments. The supplemental monthly cost-of-living adjustments shall be computed on the current retirement or survivor's benefit. The annual supplemental monthly cost-of-living adjustment shall not be more than three percent in any year. Such benefits shall be paid only when funds are available from this source and payments shall be made in such manner and in such amounts as may be determined by the board of trustees, based on the funds available

To facilitate a meaningful discussion of COLAs in accordance with House Resolution 136 of the 2022 Regular Legislative Session, I have included the following COLA section from the Fiscal 2021 actuarial valuation report:

COST OF LIVING INCREASES

During Fiscal 2021, the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 5.4%. Cost of living provisions for the system are detailed in R.S. 11:2260A(7) and R.S. 11:246. The former statute allows the Board to use interest earnings in excess of the normal requirements to grant annual cost of living increases of up to 3% of each retiree's current benefit. R.S. 11:246 provides cost of living increases to retirees and beneficiaries over the age of 65 equal to 2% of the benefit in payment on October 1, 1977, or the date the benefit was originally received if retirement commenced after that date. In addition, R.S. 11:241 provides for cost-of-living benefits payable based on a formula equal to up to $1 times the total of the number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. The provisions of R.S. 11:241 of this subpart do not repeal provisions relative to cost-of-living adjustments contained within the individual laws governing systems; however, they are to be controlling in cases of conflict.

R.S. 11:243 sets forth the funding criteria necessary in order to grant cost of living adjustments to regular retirees and beneficiaries (who are neither the surviving spouse nor children of the retiree.) The criteria for the fund to qualify as eligible to grant any such increase is as follows: a funded ratio of at least 70% if the system has not granted a benefit increase to retirees, survivors, or beneficiaries in any of the three most recent fiscal years; a funded ratio of at least 80% if the system has not granted such an increase in any of the two most recent fiscal years; or a funded ratio of at least 90% if the system has not granted such an increase in the most recent fiscal year. The funded ratio at any fiscal year end is the ratio of the actuarial value of assets to the actuarial accrued liability under the funding method prescribed by the legislative auditor (currently the Projected Unit Credit Method for this system).

With a funded ratio (as measured by the Actuarial Value of Assets divided by the Pension Benefit Obligation) of 80.56% and since the system last granted a cost of living increase on January 1, 2015 which is not within the three most recent fiscal years, we have determined that for Fiscal 2021 the plan meets the criteria set forth in R. S. 11:243 for granting a cost-of-living increase.

Below is a summary of available cost of living increases and their respective costs:

COLA Description	Annual Increase in Benefits	Present Value of Increase	Contribution Cost as a % of Payroll
3% to all allowable pensioners	$ 3,143,100	$ 32,458,618	1.17%
2% to pensioners over age 65	$ 875,507	$ 7,781,852	0.28%

For Fiscal 2021, the system experienced net actuarial investment earnings of $54,762,380 above the actuarial assumed earnings rate in effect for Fiscal 2021 of 7.00%. This exceeds the lifetime cost of providing either of the listed cost of living increases.

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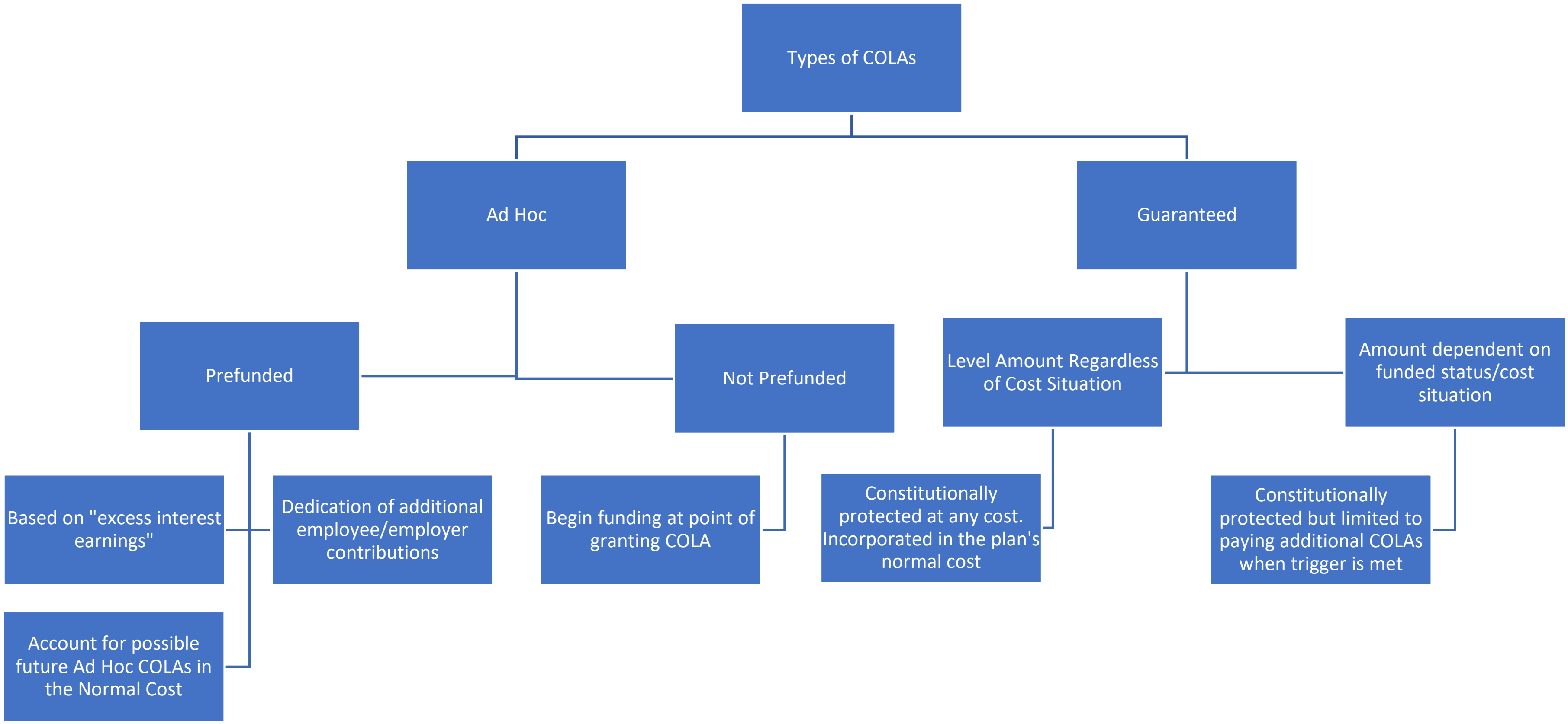


Firefighters' Retirement System - 4 COLA Examples

		Count	% Receiving	Total Annual Benefit	PV of Payment as of June 30, 2021
COLA 1:	3% of current benefit to those retired at least 5 years as of 1/1/2022	2,068	80%	$ 2,443,015	$ 24,069,135
COLA 2:	3% of current benefit to those retired at least 10 years as of 1/1/2022	1,529	59%	$ 1,602,715	$ 14,453,260
COLA 3:	3% of current benefit to those retired at least age 60 as of 1/1/2022	1,862	72%	$ 2,286,431	$ 21,919,070
COLA 4:	3% of current benefit to those retired at least age 65 as of 1/1/2022	1,343	52%	$ 1,514,752	$ 13,134,306

Row Labels	Count of ER	Total Current Benefits	Count COLA 1	Total COLA 1 Benefits	Total COLA 1 Reserve	Count COLA 2	Total COLA 2 Benefits	Total COLA 2 Reserve	Count COLA 3	Total COLA 3 Benefits	Total COLA 3 Reserve	Count COLA 4	Total COLA 4 Benefits	Total COLA 4 Reserve
Abbeville	18	$ 567,793	14	$ 10,577	$ 115,150	8	$ 3,025	$ 30,493	10	$ 11,573	$ 130,436	5	$ 5,058	$ 51,273
Alexandria	146	$ 6,016,263	134	$ 158,888	$ 1,535,451	103	$ 104,042	$ 910,435	128	$ 151,952	$ 1,450,064	113	$ 128,533	$ 1,178,045
Baker	13	$ 418,194	12	$ 10,763	$ 122,534	8	$ 5,906	$ 60,870	9	$ 8,348	$ 91,280	6	$ 4,411	$ 41,802
Bastrop	37	$ 1,057,654	33	$ 27,381	$ 303,546	21	$ 15,918	$ 158,713	25	$ 20,821	$ 216,153	17	$ 13,738	$ 131,032
Bayou Cane	1	$ 23,113	1	$ 693	$ 7,931	0	$ -	$ -	1	$ 693	$ 7,931	0	$ -	$ -
Beauregard	1	$ 15,412	1	$ 462	$ 5,202	1	$ 462	$ 5,202	1	$ 462	$ 5,202	0	$ -	$ -
Benton Fire District #4	4	$ 139,398	1	$ 979	$ 11,444	0	$ -	$ -	2	$ 1,731	$ 19,399	0	$ -	$ -
Bogalusa	51	$ 1,120,258	48	$ 30,189	$ 282,207	43	$ 25,085	$ 217,902	38	$ 25,450	$ 219,581	34	$ 21,622	$ 175,814
Bossier City	85	$ 4,182,918	48	$ 65,928	$ 828,211	28	$ 38,362	$ 481,355	29	$ 45,437	$ 559,874	1	$ 1,791	$ 20,285
Bunkie	1	$ 32,742	0	$ -	$ -	0	$ -	$ -	1	$ 982	$ 14,029	0	$ -	$ -
Caddo Fire District #1	1	$ 26,880	1	$ 806	$ 10,409	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
Caddo Fire District #3	6	$ 173,479	5	$ 4,133	$ 40,860	3	$ 2,736	$ 23,951	2	$ 1,430	$ 7,918	1	$ 1,090	$ 4,156
Caddo Fire District #4	2	$ 52,173	1	$ 783	$ 7,250	1	$ 783	$ 7,250	2	$ 1,565	$ 15,041	2	$ 1,565	$ 15,041
Caddo Fire District #5	4	$ 101,236	3	$ 2,147	$ 22,400	2	$ 1,137	$ 10,824	3	$ 2,147	$ 22,400	2	$ 1,137	$ 10,824
Caddo Fire District #6	1	$ 13,118	1	$ 394	$ 3,956	1	$ 394	$ 3,956	1	$ 394	$ 3,956	1	$ 394	$ 3,956
Caddo Fire District #8	2	$ 67,896	1	$ 582	$ 5,456	1	$ 582	$ 5,456	2	$ 2,037	$ 19,544	2	$ 2,037	$ 19,544
Calcasieu Consolidated	3	$ 107,022	2	$ 1,866	$ 21,535	0	$ -	$ -	1	$ 1,584	$ 18,313	0	$ -	$ -
Central Fire District #4	4	$ 221,014	1	$ 912	$ 9,718	1	$ 912	$ 9,718	3	$ 4,297	$ 51,639	2	$ 1,735	$ 17,064
Concordia Fire District #2	1	$ 54,437	0	$ -	$ -	0	$ -	$ -	1	$ 1,633	$ 16,205	1	$ 1,633	$ 16,205
Covington	4	$ 138,520	0	$ -	$ -	0	$ -	$ -	1	$ 1,200	$ 12,203	1	$ 1,200	$ 12,203
Crowley	14	$ 444,422	13	$ 11,492	$ 103,399	12	$ 10,728	$ 95,315	14	$ 13,333	$ 126,549	13	$ 11,492	$ 103,399
Denham Springs	16	$ 570,368	14	$ 15,012	$ 183,145	11	$ 11,286	$ 133,702	11	$ 11,694	$ 137,781	6	$ 5,538	$ 61,006
Deridder	8	$ 240,691	7	$ 5,770	$ 60,055	2	$ 1,436	$ 10,039	7	$ 5,770	$ 60,055	1	$ 1,117	$ 6,451
Desoto Fire District #1	2	$ 91,025	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
Desoto Fire District #8	1	$ 79,520	1	$ 2,386	$ 29,036	0	$ -	$ -	1	$ 2,386	$ 29,036	0	$ -	$ -
Donaldsonville	4	$ 155,638	2	$ 1,684	$ 18,027	1	$ 633	$ 7,361	3	$ 3,345	$ 35,258	1	$ 1,051	$ 10,666
East Baton Rouge Fire District #6	1	$ 15,044	1	$ 451	$ 6,073	1	$ 451	$ 6,073	0	$ -	$ -	0	$ -	$ -
Eunice	13	$ 340,023	11	$ 8,277	$ 85,310	10	$ 7,383	$ 73,797	11	$ 8,398	$ 83,866	10	$ 7,624	$ 74,529
Franklin	2	$ 26,949	2	$ 808	$ 7,352	2	$ 808	$ 7,352	2	$ 808	$ 7,352	2	$ 808	$ 7,352
Hammond	43	$ 2,031,852	29	$ 38,859	$ 424,346	18	$ 21,479	$ 218,894	25	$ 35,614	$ 376,719	13	$ 15,443	$ 143,625
Harahan	1	$ 43,652	0	$ -	$ -	0	$ -	$ -	1	$ 1,310	$ 15,780	1	$ 1,310	$ 15,780
Iberia Parish	1	$ 18,394	1	$ 552	$ 5,219	1	$ 552	$ 5,219	1	$ 552	$ 5,219	1	$ 552	$ 5,219
Jefferson Parish	184	$ 13,504,630	156	$ 321,117	$ 3,362,155	114	$ 201,519	$ 1,995,190	147	$ 324,368	$ 3,375,477	102	$ 216,490	$ 2,107,031

Row Labels	Count of ER	Total Current Benefits	Count COLA 1	Total COLA 1 Benefits	Total COLA 1 Reserve	Count COLA 2	Total COLA 2 Benefits	Total COLA 2 Reserve	Count COLA 3	Total COLA 3 Benefits	Total COLA 3 Reserve	Count COLA 4	Total COLA 4 Benefits	Total COLA 4 Reserve
Jennings	5	$ 188,577	3	$ 2,902	$ 34,058	2	$ 1,956	$ 22,106	3	$ 3,861	$ 45,719	1	$ 1,905	$ 23,613
Jonesboro	1	$ 40,199	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
Kaplan	4	$ 94,832	3	$ 1,890	$ 16,211	2	$ 1,140	$ 8,165	3	$ 1,890	$ 16,211	3	$ 1,890	$ 16,211
Kenner	62	$ 3,022,884	53	$ 70,281	$ 732,034	41	$ 45,993	$ 461,208	50	$ 68,617	$ 713,908	32	$ 36,674	$ 342,633
Lafayette	183	$ 7,008,501	156	$ 165,062	$ 1,760,810	121	$ 112,899	$ 1,118,683	132	$ 138,638	$ 1,405,145	107	$ 106,600	$ 1,015,612
Lake Charles	112	$ 4,041,314	97	$ 100,873	$ 952,688	82	$ 79,143	$ 690,916	87	$ 93,605	$ 856,700	74	$ 77,296	$ 666,866
Leesville	12	$ 262,183	10	$ 5,788	$ 61,529	6	$ 3,403	$ 36,704	10	$ 5,788	$ 61,529	8	$ 3,890	$ 38,646
Lincoln Fire District #1	6	$ 280,091	5	$ 7,085	$ 83,166	2	$ 2,181	$ 20,320	3	$ 3,822	$ 39,012	2	$ 2,498	$ 23,626
Minden	5	$ 183,731	4	$ 3,556	$ 40,343	3	$ 2,561	$ 28,039	5	$ 5,512	$ 65,850	1	$ 800	$ 8,337
Monroe	164	$ 5,794,341	144	$ 146,979	$ 1,456,248	112	$ 97,747	$ 864,107	131	$ 137,010	$ 1,324,103	94	$ 87,091	$ 734,965
Montegut Fire District #6	2	$ 45,419	2	$ 1,363	$ 13,342	0	$ -	$ -	2	$ 1,363	$ 13,342	2	$ 1,363	$ 13,342
Morgan City	29	$ 1,090,066	22	$ 23,660	$ 265,104	17	$ 16,387	$ 176,478	17	$ 17,033	$ 182,204	9	$ 8,532	$ 83,340
Natchitoches	33	$ 1,091,963	26	$ 22,231	$ 229,840	24	$ 20,087	$ 205,289	24	$ 24,104	$ 248,458	22	$ 21,949	$ 225,863
Natchitoches Fire District #6	1	$ 15,421	1	$ 463	$ 4,129	0	$ -	$ -	1	$ 463	$ 4,129	1	$ 463	$ 4,129
New Iberia	62	$ 1,894,876	52	$ 41,351	$ 384,686	43	$ 30,230	$ 256,969	57	$ 51,532	$ 498,148	44	$ 38,092	$ 334,035
Opelousas	29	$ 1,144,365	28	$ 33,448	$ 358,220	21	$ 21,162	$ 209,375	25	$ 31,033	$ 327,067	20	$ 21,877	$ 215,345
Ouachita Parish Police Jury	104	$ 4,431,196	71	$ 79,952	$ 852,436	44	$ 45,415	$ 436,516	66	$ 80,805	$ 853,152	45	$ 55,141	$ 538,316
Pineville	25	$ 773,582	20	$ 17,080	$ 166,560	16	$ 12,598	$ 112,086	18	$ 14,862	$ 138,463	15	$ 12,235	$ 109,196
Plaquemine	6	$ 183,297	5	$ 4,680	$ 49,046	2	$ 694	$ 5,664	6	$ 5,499	$ 57,174	5	$ 4,004	$ 41,666
Plaquemines Parish	3	$ 35,460	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
Ponchatoula	6	$ 154,763	5	$ 3,391	$ 33,608	4	$ 3,080	$ 30,169	6	$ 4,643	$ 49,591	5	$ 3,391	$ 33,608
Port Allen	3	$ 91,915	3	$ 2,757	$ 22,001	3	$ 2,757	$ 22,001	3	$ 2,757	$ 22,001	3	$ 2,757	$ 22,001
Rapides Police Jury	28	$ 1,091,915	19	$ 22,662	$ 224,189	11	$ 14,193	$ 117,588	18	$ 22,138	$ 216,214	12	$ 15,207	$ 129,948
Ruston	29	$ 1,059,595	27	$ 29,811	$ 330,019	20	$ 20,317	$ 210,175	20	$ 21,002	$ 215,824	18	$ 19,666	$ 198,991
Shreveport	487	$ 22,578,605	417	$ 549,815	$ 5,283,606	328	$ 392,094	$ 3,381,029	385	$ 509,872	$ 4,734,071	294	$ 351,272	$ 2,877,287
St Bernard	92	$ 3,570,575	79	$ 85,826	$ 914,049	63	$ 63,382	$ 652,841	71	$ 84,169	$ 889,477	45	$ 50,874	$ 500,023
St Gabriel	1	$ 28,243	1	$ 847	$ 7,809	0	$ -	$ -	1	$ 847	$ 7,809	1	$ 847	$ 7,809
St George	30	$ 1,734,193	10	$ 13,596	$ 155,660	4	$ 4,074	$ 47,564	12	$ 17,044	$ 189,986	3	$ 4,626	$ 45,313
St John the Baptist	3	$ 53,514	3	$ 1,605	$ 20,233	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
St Landry Fire District #1	6	$ 115,506	6	$ 3,465	$ 26,981	5	$ 2,394	$ 17,412	4	$ 2,894	$ 24,429	4	$ 2,894	$ 24,429
St Landry Fire District #2	1	$ 32,634	0	$ -	$ -	0	$ -	$ -	1	$ 979	$ 11,867	1	$ 979	$ 11,867
St Landry Fire District #3	28	$ 1,257,916	21	$ 26,519	$ 307,626	9	$ 8,703	$ 85,887	12	$ 13,946	$ 148,252	10	$ 11,199	$ 113,054
St Mary Fire District #3	2	$ 78,052	1	$ 758	$ 8,795	0	$ -	$ -	2	$ 2,342	$ 25,938	1	$ 1,584	$ 17,143
St Mary Fire District #7	1	$ 50,793	1	$ 1,524	$ 18,107	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
St Tammany Fire District #1	88	$ 3,815,810	63	$ 81,148	$ 934,612	48	$ 57,708	$ 641,232	58	$ 82,496	$ 928,019	33	$ 42,251	$ 445,490
St Tammany Fire District #12	13	$ 607,964	4	$ 4,608	$ 58,231	1	$ 774	$ 8,544	3	$ 3,625	$ 44,671	1	$ 586	$ 7,203
St Tammany Fire District #2	1	$ 69,671	1	$ 2,090	$ 24,128	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
St Tammany Fire District #3	2	$ 63,916	1	$ 1,076	$ 11,388	0	$ -	$ -	1	$ 1,076	$ 11,388	0	$ -	$ -
St Tammany Fire District #4	44	$ 2,114,541	22	$ 30,618	$ 365,819	10	$ 11,851	$ 132,722	24	$ 31,532	$ 366,682	10	$ 14,136	$ 155,285
St Tammany Fire District #5	1	$ 21,507	0	$ -	$ -	0	$ -	$ -	1	$ 645	$ 7,915	0	$ -	$ -
St Tammany Fire District #7	1	$ 29,413	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
St Tammany Fire District #8	1	$ 36,206	1	$ 1,086	$ 11,720	0	$ -	$ -	1	$ 1,086	$ 11,720	0	$ -	$ -
St Tammany Fire District #9	1	$ 11,746	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
Sulphur	28	$ 1,220,257	22	$ 29,379	$ 350,795	8	$ 7,848	$ 82,779	16	$ 20,176	$ 226,705	10	$ 11,100	$ 119,482

Row Labels	Count of ER	Total Current Benefits	Count COLA 1	Total COLA 1 Benefits	Total COLA 1 Reserve	Count COLA 2	Total COLA 2 Benefits	Total COLA 2 Reserve	Count COLA 3	Total COLA 3 Benefits	Total COLA 3 Reserve	Count COLA 4	Total COLA 4 Benefits	Total COLA 4 Reserve
Tallulah	2	$ 44,089	2	$ 1,323	$ 15,581	1	$ 598	$ 7,343	0	$ -	$ -	0	$ -	$ -
Terrebonne 4A	1	$ 18,342	1	$ 550	$ 5,990	1	$ 550	$ 5,990	1	$ 550	$ 5,990	1	$ 550	$ 5,990
Terrebonne Consolidated	60	$ 1,783,029	52	$ 43,260	$ 458,076	42	$ 31,718	$ 323,576	45	$ 37,281	$ 384,517	35	$ 26,706	$ 259,164
Terrebonne Fire District #7	2	$ 45,918	2	$ 1,378	$ 17,198	1	$ 614	$ 7,693	1	$ 614	$ 7,693	0	$ -	$ -
Terrebonne Fire District #9	1	$ 24,063	1	$ 722	$ 8,865	0	$ -	$ -	1	$ 722	$ 8,865	1	$ 722	$ 8,865
Vidalia	8	$ 182,705	6	$ 3,661	$ 39,176	2	$ 738	$ 8,065	4	$ 2,228	$ 20,027	3	$ 1,934	$ 16,384
Ville Platte	12	$ 282,947	8	$ 4,788	$ 51,720	6	$ 3,042	$ 32,681	8	$ 4,788	$ 51,720	5	$ 3,125	$ 32,962
Washington Parish	1	$ 25,306	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
West Baton Rouge Fire District #1	5	$ 278,322	2	$ 3,237	$ 42,572	0	$ -	$ -	1	$ 1,372	$ 14,800	0	$ -	$ -
West Feliciana Fire District #1	2	$ 44,378	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
West Monroe	33	$ 1,108,074	26	$ 24,539	$ 256,441	21	$ 17,029	$ 162,619	26	$ 25,864	$ 269,559	17	$ 12,518	$ 105,394
Westlake	3	$ 164,983	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -	0	$ -	$ -
Westwego	5	$ 117,810	4	$ 3,094	$ 38,859	3	$ 2,413	$ 30,706	3	$ 2,413	$ 30,706	3	$ 2,413	$ 30,706
Winnfield	4	$ 104,050	4	$ 3,122	$ 37,538	1	$ 1,012	$ 13,514	3	$ 2,417	$ 29,051	1	$ 882	$ 8,727
Winnsboro	2	$ 39,933	2	$ 1,198	$ 13,972	2	$ 1,198	$ 13,972	2	$ 1,198	$ 13,972	1	$ 421	$ 4,068
Zachary	17	$ 394,868	5	$ 7,024	$ 85,560	4	$ 5,408	$ 64,962	5	$ 6,967	$ 78,137	2	$ 2,447	$ 21,563
Grand Total	**2578**	**$ 108,262,093**	**2068**	**$ 2,443,015**	**$ 25,258,751**	**1529**	**$ 1,602,715**	**$ 15,232,756**	**1862**	**$ 2,286,431**	**$ 23,032,170**	**1343**	**$ 1,514,752**	**$ 13,870,799**

NASRA Issue Brief:
Cost-of-Living Adjustments

June 2022

Periodic cost-of-living adjustments (COLAs) in some form are provided on most state and local government pensions. The purpose of a COLA is to wholly or partly offset the effect of inflation on retirement income. Considerable variation exists in the way COLAs are designed, and in many cases they are determined or affected by other factors, such as the actual rate of inflation or the financial condition of the plan. COLAs add both value and cost to a pension benefit. Public pension COLAs have received increased attention in recent years as many states look to reduce the cost of benefits amid challenging fiscal conditions and the current low-inflationary environment. This brief presents a discussion about the purpose of COLAs, the different types of COLAs provided by government pension plans, and an overview of recent state changes to COLA provisions.

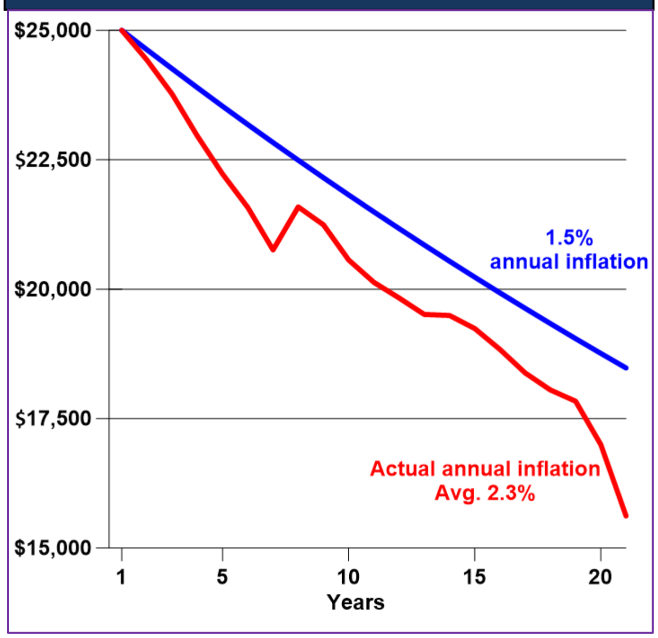


Figure 1: Impact of 20 years of inflation on purchasing power of $25,000, 2003-2022

COLA Purpose

A COLA is provided to offset or reduce the effects of inflation, which, as illustrated in Figure 1, erodes the purchasing power[1] of retirement income. Using two inflation rates, reflecting static and actual experience after 20 years, the real (inflation-adjusted) pension benefit in this example of $25,000 falls to $18,478 (74 percent of its original value) under a static low-inflation scenario, or $15,621 (62 percent of its original value), under a scenario reflecting the actual annual rates of inflation for the past 20 years, a period over which inflation was relatively low for several years before spiking higher recently.

Such depreciation can affect the sufficiency of retirement benefits, particularly for those who are unable to supplement their income by working, due to disability or advanced age. As Social Security beneficiaries receive an annual COLA to maintain recipients' purchasing power, tied to a measure of inflation,[2] many state and local governments also provide an adjustment to their retirees' pension benefit that is intended to offset the effects of inflation. This adjustment is particularly important for those public employees – including nearly half of public school teachers and most public safety workers – who do not participate in Social Security. Unlike Social Security, however, state and local retirement systems typically pre-fund the cost of a COLA over the working life of an employee, to be distributed annually over the course of his or her retired lifetime.

Common COLA Types and Features

The way in which public pension COLAs are calculated and approved varies considerably. Appendix A presents a listing of COLA provisions for many state retirement plans, illustrating the variety that exists in COLA plan designs. In general, COLA types and features are differentiated in the following ways:

[1] Purchasing power refers to the effect of inflation on the value of currency over time, calculated for the purpose of determining the amount of goods or services a unit of currency can buy at different points in time

[2] Social Security Administration, Latest Cost-of-Living Adjustment, https://www.ssa.gov/OACT/COLA/latestCOLA.html

Automatic vs. Ad hoc

An overarching distinction among COLAs is whether they are provided automatically or on an ad hoc basis. An ad hoc COLA requires a governing body to actively approve a postretirement benefit increase. By contrast, an automatic COLA occurs without action, and is typically predetermined by a set rate or formula. In some cases, ad hoc COLAs are contingent on other factors, such as a maximum unfunded liability amortization period.

Simple vs. Compound

Another distinction between COLA types is whether the increase is applied in a simple or compound manner. Under a simple COLA arrangement, each year's benefit increase is calculated based upon the employee's original benefit at the time of his or her retirement. Under a compound COLA arrangement, the annual benefit increase is calculated based upon the original benefit as well as any prior benefit increases. Some COLAs contain both features, i.e., they may be "simple" until the retiree reaches a certain age or year retired, at which point COLA benefits are calculated using a compound method.

Inflation-based

Consistent with the original purpose for providing a COLA, many state and local governments provide a post-retirement COLA based on a consumer price index (CPI), which is a measure of inflation. Most provisions like this restrict the size of the adjustment, such as by "one-half of the CPI" and/or "not to exceed three percent." The most recognized CPI measures are calculated and published by the U.S. Bureau of Labor Statistics (BLS), and the CPI measures used by most public pension plans are either the CPI-U (based on all urban consumers) or the CPI-W (urban wage earners and clerical workers). Some states use state- or region-specific inflation measures to determine the amount of the COLA.

Table 1: Select public plans by COLA type

	Linked to inflation	Linked to investment or funding condition	Fixed percentage or other factor	Total
Automatic	47	14	11	72
Ad-hoc	5	0	23	28
Total	52	14	34	100

Note: COLAs for some employees of local governments who participate in statewide systems are discretionary based on the decision of individual local government. See Appendix A for more details.

Performance-based

Some public pension plans tie their COLA to the plan's funding level or investment performance. In one statewide system, for example, the COLA falls within a percentage range specified in statute and is tied to CPI, based on the funding level of the plan. Annuitants with another state system receive a permanent benefit increase tied to their length of service, when the fund's actuarial investment return exceeds the assumed rate of investment return. Depending on the method of calculation, a performance-based COLA can potentially result in a COLA that is higher than inflation or that offsets only a portion of the loss of purchasing power.

Delayed-onset or Minimum Age

Another characteristic contained in some automatic COLAs is to delay its onset, either by a given number of years or until attainment of a designated age. A COLA with this feature may also take on any of the characteristics stated above and will become available to a retiree once he or she meets the designated waiting period or age requirement.

Limited Benefit Basis

Some retirement systems award a COLA calculated on a portion of a retiree's annual benefit, rather than the entire amount. For example, one system provides a COLA of up to three percent applied to only the first $13,000 of benefits. In such cases, the COLA can also be tied to an external indicator, such as CPI, and other factors, such as delayed onset, may also be in place.

Self-funded Annuity Option

Some state retirement plans offer post-retirement benefit increases through an elective process known as a self-funded annuity account. Under this design, a member effectively self-funds his or her COLA by choosing to receive a lower monthly benefit in exchange for a fixed rate COLA to be paid annually upon retirement.

Reserve Account

Other public retirement systems pay COLAs from a pre-funded reserve account. This is a variation on the COLA tied to investment performance, since the reserve account is funded with excess investment earnings. Under this scenario, a

COLA is provided from the funds set aside in the reserve account. Sometimes a stipulation is attached that the fund itself must reach a certain size for any COLA to be granted in a given year.

COLA Costs

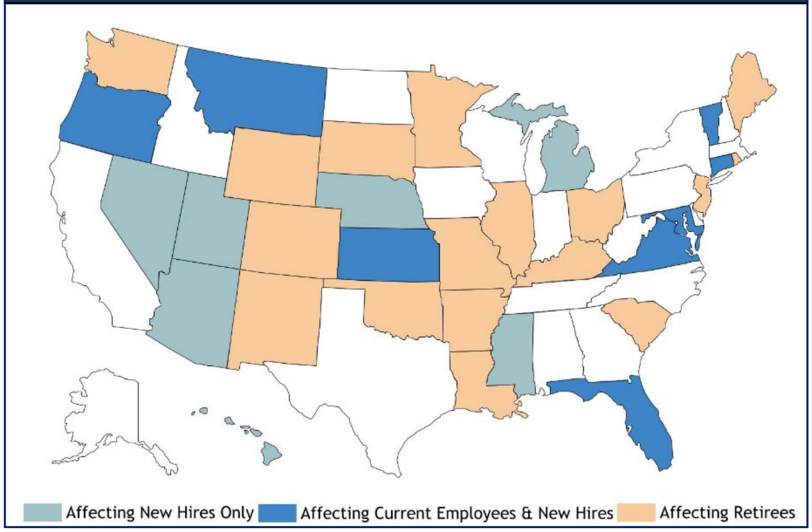
The cost of a COLA predictably depends on the characteristics of the COLA benefit. Such factors as its size; the portion of the benefit to which the COLA applies; whether or not the COLA is paid annually or irregularly; whether the adjustment is simple or compounded, and other features, all affect its cost. It has been estimated that an automatic COLA of one-half of an assumed CPI of three percent, compounded, will add 11 percent to the cost of the retirement benefit. An automatic COLA of three percent, compounded, is estimated to add 26 percent to the cost of the benefit.[3]

The Governmental Accounting Standards Board (GASB) requires public pension plans to disclose assumptions regarding COLAs, including whether the COLA is automatic or ad hoc, and to include the cost of COLAs in projections of pension benefit payments. GASB considers an ad hoc COLA to be "substantively automatic" when a historical pattern exists of granting ad hoc COLAs or when there is consistency in the amount of changes to a benefit relative to an inflation index.[4]

Recent Changes to COLAs

As part of efforts to contain costs and to ensure the sustainability of public pension plans, and in response to a period of historically low rates of inflation that lasted for over a decade during and after the Great Recession, many states have made changes to COLA provisions by adjusting one or more of the COLA design elements mentioned above[5] (see Figure 2). As described in Appendix A, since 2009, 17 states have changed COLAs affecting current retirees, eight states have addressed current employees' benefits, and seven states have changed the COLA structure only for future employees. The legality of these modifications in several states has been challenged in court, as noted in Appendix A.

Figure 2: State retirement systems undergoing COLA legislative changes, 2009-2022



In most cases, changes to COLA provisions require an act of the legislature and approval of the governor. However, in some cases retirement boards have been vested with the authority to enact COLA reforms; this authority has been exercised in three states – Maine, Missouri, and Ohio – since 2016. As noted above, most COLA changes affecting current retirees were subjected to legal challenge. Legal rulings issued in recent years upheld COLA reductions passed in New Jersey, and several other states, and fully or partially rejected COLA reductions approved in Illinois, Montana, and Oregon. A 2015 legal settlement pronounced material changes to COLA provisions for public employees in Rhode Island.

Some states that do not provide an automatic COLA have responded to recent higher rates of inflation by granting an ad hoc COLA for most retirees. Prior to granting their most recent COLA, some of these states, which includes Alabama, Georgia, New Hampshire, Oklahoma, Texas, and others, had not granted a COLA for several years when inflation was lower.

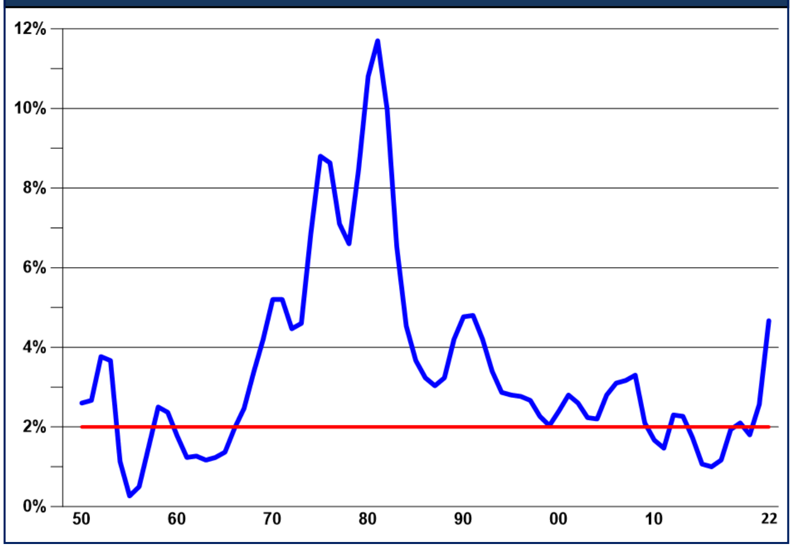
[3] Gabriel, Roeder, Smith & Company, "Postemployment Cost-of-Living Adjustments: Concepts and Recent Trends," April 2011
[4] Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans
[5] National Conference of State Legislatures

Impact of Inflation on COLA Changes

The impact of changes to COLA provisions for retirees and pension plans is largely determined by actual levels of price inflation. For the first time since before the Great Recession, current rates of inflation exceed the automatic COLA caps for most public pension plans that have a cap. This development, which follows a period of low inflation, as shown in Figure 3 by the average of the prior three years' increase in CPI-U at or below 2 percent from 2010 through 2021, is driven by a spike in inflation that began in 2021. The recent experience of high inflation demonstrates the effect on retirees of the COLA cap: when inflation exceeds the maximum COLA payable, retirees' purchasing power declines. By contrast, if inflation is low, retirees may not be impacted by inflation.

Actuaries typically make assumptions about COLA increases, based on the plan's COLA provisions. Such assumptions include a rate of inflation, if inflation is a factor in the plan's determination of COLA increases. If actual inflation is lower than the plan's assumed rate of inflation, the plan will experience an actuarial gain. All else equal, a reduction in a plan's COLA assumption will cause a decline in the plan's liabilities and cost.

Figure 3: Three-year rolling average change in CPI-U, 1950-2022



Note: 2022 inflation based on an estimate calculated from monthly CPI-U data published by the US Bureau of Labor Statistics.

Conclusion

The effects of a COLA can be consequential both in protecting purchasing power and in adding costs to a plan. States and other public pension plan sponsors must continuously balance three key variables: benefit adequacy, plan sustainability, and affordability. Amid the recent spike in inflation, policymakers continue to reexamine all aspects of benefit design and financing, including the way COLAs are determined and funded. Just as the period of low inflation that occurred during and after the Great Recession, combined with rising pension plan costs, led several states to reduce, suspend, or eliminate their automatic COLA, so also has the recent spike in inflation led some states that do not provide an automatic COLA to grant an ad hoc COLA for the first time in several years.

See also

1. Gary Findlay, "Addressing Inflation in the Design of Defined Benefit Pension Plans"
2. Gabriel, Roeder, Smith & Company, "Postemployment Cost-of-Living Adjustments: Concepts and Recent Trends," April 2011
3. Cost-of-Living Adjustments @NASRA.org

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Appendix A: COLA Provisions by State-Level Plan and Recent Changes

Plan	COLA Provision	2009-2022 Changes
Alaska PERS and TRS	Automatic, lesser of 75% of CPI or 9%, simple, for those age 65 and above; lesser of 50% of CPI or 6% for those age 60 or having received benefits for at least 5 years; An additional in-state COLA is provided to beneficiaries who reside in Alaska. Members are eligible if they entered the plan before 7/1/86 or entered after 6/30/86 and have attained at least age 65. The Alaska COLA is equal to the greater of 10% of their base benefits or $50.	
Alabama ERS and TRS	Ad hoc as approved by the legislature.	The Legislature in 2018 and 2022 approved one-time lump sum payments based on annuitants' length of service. The 2022 legislation provided a one-time lump-sum payment equal to $2 per month for each year of accrued service.
Arkansas PERS	Automatic 3% compounded for those hired before 7/1/22; for those hired after 6/30/22, lesser of 3% or CPI-U.	2021 legislation amended the COLA for those hired after 6/30/22
Arkansas State Highway Employees	Automatic, lesser of 3% or CPI, compounded.	Prior to legislation approved in 2017, an annual automatic COLA of 3% was granted.
Arkansas Teachers	Automatic 3% simple; compounded on an ad hoc basis as determined by the Board.	2017 legislation gives the TRS board the authority to reverse a compound COLA granted in 2009 if necessary to maintain the actuarial soundness of the system.
Arizona Public Safety Personnel	Automatic, based on CPI for the Phoenix region, up to 2.0%. For new hires on or after 7/1/17, the cap is lowered to 1.5% if the system falls below 90% funded; 1.0% if below 80% funded; and the COLA is eliminated if below 70% funded.	Legislation approved in February 2016 replaces the Permanent Benefit Increase (PBI) with a traditional COLA for current and future retirees that is tied to CPI. For new hires on or after 7/1/17, the COLA is restricted or eliminated when the plan falls below 90% funded. The changes were affirmed by an amendment to the Arizona Constitution via voter referendum in May 2016.
Arizona SRS	For participants hired before 9/13/13, up to 4.0% annually, contingent on earnings associated with an actuarial investment return above 8%. For those hired thereafter, ad hoc as approved by the legislature.	2013 legislation eliminated the permanent benefit increase for members hired on or after 9/13/13.
California PERS	Automatic after two calendar years of receiving benefits and the lesser of CPI for the prior year or the employer elected COLA. Typically, State retirees receive a 2% provision, while Public Agencies and Schools may have 2%, 3%, 4% or 5% COLA provisions, depending on employer election.	

Plan	COLA Provision	2009-2022 Changes
California Teachers	Automatic 2% simple, plus adjustments designed to maintain retirees' purchasing power up to 85% of their original benefit, made through a "supplemental benefits maintenance account" financed with a state contribution of about 2.5% of total creditable compensation.	Members who performed creditable service on or after 1/1/14 will have their existing improvement factor guaranteed in exchange for contribution increases. The improvement factor cannot be reduced for these members. For members who retired prior to 1/1/14, the Legislature will continue to reserve the right to reduce the improvement factor, a right that has never been exercised.
University of California	Automatic, equal to the full increase in CPI up to 2%, plus 75% of the increase in CPI over 4%. Maximum COLA is 3.5%. Ad-Hoc COLAs may be authorized at the discretion of the Regents of the University of California.	
Colorado Affiliated Local	Based on election of individual participating employers.	
Colorado Fire & Police Statewide	Ad hoc as approved by board.	In October 2021 the FPPA Board approved a one-time benefit increase of 0.5% for retirees of the statewide DB plan, and 2.53% for retirees of the statewide hybrid plan. In June 2022, the Board approved a 3% COLA for Statewide Hybrid Plan annuitants effective 10/1/2022.
Colorado Local Government, School, and State	For active employees and retirees who did not receive a COLA as of 5/01/18, COLAs are paid after three years of retirement. The COLA cap, currently 1.50%, may be changed through the provisions of an auto-adjust mechanism which is triggered dependent upon the ratio of total contributions made to the determination of total required contributions (based on a layered, 30-year amortization approach). If this ratio falls below 98% or above 120%, the COLA cap may be reduced or increased by up to 0.25% in any year but may not fall below 0.50% or exceed 2.0%. COLA provisions vary by date of hire: those hired before 1/1/07, have an automatic increase equal to the COLA cap. Those hired on or after 1/1/07, are awarded the lesser of the effective COLA Cap and the average of the monthly CPI-W amounts for the prior calendar year, provided the cost of the COLA does not exceed 10% of each division's annual increase reserve.	2018 legislation suspended the COLA for two years, increased the waiting period for new hires to receive a COLA from one year to three, and thereafter reduced the automatic COLA cap from 2.0% to 1.5%, and tied payment of future COLAs to the length of the plan's amortization period. 2010 legislation reduced the COLA from automatic 3.5%. The law was challenged and upheld by the CO Supreme Court in 2014.
Connecticut SERS	Minimum of 2.0% up to a maximum 7.5% calculated based on the following formula: 60% of the annual increase in the CPI-W up to 6.0% and 75% of the annual increase in the CPI-W over 6.0%. For employees who retire after 6/30/22, the minimum COLA is reduced to the actual change in CPI-W, if the change is <2.0%. The previous formula applies if the change in CPI-W is >2.0%.	A 2011 agreement between the state and public-sector unions reduced the minimum COLA for employees who retire after 10/1/11. A 2017 agreement made further changes for employees who retire after 6/30/22.

Plan	COLA Provision	2009-2022 Changes
Connecticut Teachers	For those hired on or after 7/1/07, COLA equal to Social Security COLA, with a maximum of 1.0% if investment return is <6.9%; a maximum of 3.0% if return is 6.9%-9.9%; and limited to 5.0% if return is >9.9%. For those who retired before 9/92, automatic, based on CPI, with 3% minimum and 5% maximum, compounded; for those who retired after 9/92, COLA is equal to the Social Security COLA, with a maximum of 1.5% if investment return is <6.9% and a maximum of 6.0% if returns are at least 6.9%.	Legislation approved in 2021 adjusted COLA thresholds from 8.5% to new investment return assumption of 6.9% (added here 9/28/21).
DC Police & Fire and Teachers	Automatic based on CPI, up to 3%, compounded, for members hired on or after 11/10/96. For members hired before 11/10/96, automatic, based on CPI, compounded (uncapped).	
Delaware State Employees	Ad hoc as approved by the general assembly.	In 2021 the General Assembly approved a one-time increase for most retirees, with the amount depending on effective date of retirement as follows: Prior to 7/1/91, 3%; 7/1/91-6/30/01, 2%; 7/1/01-6/30/16, 1%
Florida RS	Automatic 3%, compounded.	2011 legislation terminated the automatic 3% compounded COLA for all service credits earned after 7/1/11.
Georgia ERS	Ad hoc as approved by the ERS board.	Action taken by the ERS Board and the FY 23 state budget approved by the General Assembly create a pathway to future COLAs for ERS retirees. ERS created a model for determining annual COLAs, which would depend on the system funding ratio and actuarial rate of investment return compared to a hurdle rate of 6%. The maximum COLA will be the lesser of the change in CPI or 3%. A COLA will be payable on the later of the retiree's actual retirement date or projected normal retirement date, if retired early. The ERS Board retains the authority to approve future COLAs and is not bound by the methodology described above. The ERS Board also approved a 1.5% COLA for most retirees.
Georgia Teachers	Automatic 1.5% every 6 months as long as CPI increases, compounded.	
Hawaii ERS	Automatic, 1.5% simple, for those hired on or after 7/1/12; 2.5% simple for those hired before 7/1/12.	The automatic COLA was reduced from 2.5% to 1.5%, simple, for those who become members of the system after 6/30/2012.
Iowa Municipal Fire & Police	Automatic, 1.5% compounded. An additional fixed COLA is provided based on length of retirement. For members retired fewer than 5 years, an additional $15 is applied. For members retired 5-10 years, $20. For members retired 10-15 years, $25. For members retired 15-20 years, $30. For	

Plan	COLA Provision	2009-2022 Changes
	members retired more than 20 years, $35. No COLA is provided to members who terminate prior to becoming eligible for retirement.	
Iowa PERS	No COLA-type payments for members retiring after 6/30/90. Those who retired prior to 7/1/90 are eligible for a ”thirteenth check” that may be adjusted annually by the lesser of CPI or 3%.	
Idaho PERS	Automatic 1% compounded (as long as CPI rises at least 1%), plus discretionary COLA if the CPI is greater than 1%. Total COLA (mandatory plus discretionary) cannot exceed 6%. The Board also has the discretion to award a retroactive COLA to make up for prior years when the full CPI was not awarded.	In December 2021 the PERSI Board granted a 2.5% discretionary COLA, in addition to the automatic 1% COLA.
Illinois Municipal	Automatic 3%, simple, for those hired before 1/1/11; for those hired after 12/31/10, lesser of 3% or half of CPI, simple, upon attainment of the later of age 67 or one year after retirement.	2010 legislation reduced the COLA for new hires on or after 1/1/11 from automatic 3%, simple.
Illinois State Employees, Teachers, and State Universities	Those hired before 1/1/11 receive an automatic COLA of 3%, compounded, upon attainment of the latter of age 61 or one year after retirement. Those hired after 12/31/10 receive a COLA of the lesser of 3% or one-half of the CPI, not compounded, upon attainment of the later of age 67 or one year after retirement.	2018 legislation directs the system to offer, from 1/1/19 until 6/30/21, a COLA buyout for retiring members hired before 1/1/11. These members may elect to forfeit their rights to the current 3% annual compound COLA in exchange for a 1.5% simple COLA and a lump sum payment equal to 70% of the difference between the estimated present value of the 3% COLA and the estimated present value of the 1.5% COLA. 2010 legislation reduced the COLA for new hires from automatic, 3% compounded. 2013 legislation reduced the COLA formula for current workers and new hires. The law was challenged and rejected by the IL Supreme Court in 2015.
Indiana PERF and TRS	Ad hoc as approved by the legislature.	In 2021 the Indiana Legislature approved a 1% COLA for PERF retirees effective 1/1/22.
Kansas PERS	Ad hoc as approved by the legislature; the cash balance for employees hired after 12/31/14 provides for an optional self-funded COLA as an annuity payment option at retirement.	2012 legislation removed automatic 2% COLA originally provided for those hired after 6/30/09; also created optional self-funded COLA in cash balance plan for new hires after 12/31/14.[4]
Kentucky County and ERS	Automatic, tied to CPI, not to exceed 1.5% after 12 months of retirement, compounded. Because of legislation described in the right-hand column, payment of COLA is unlikely in the foreseeable future.	2011 legislation suspended retiree COLAs for 2012 and 2013; 2013 legislation mandates that a COLA be granted only if the system is over 100% funded or if the legislature prefunds the COLA. A challenge to the 2013 law was dismissed in 2014.

[4] Legislation creating Kansas PERS Tier 3 passed in 2012 eliminated the Tier 2 COLA. The only employees eligible to receive the Tier 2 COLA are those who were retired and returned to work on or after 6/30/09 and who will retire before 7/1/12.

Plan	COLA Provision	2009-2022 Changes
Kentucky Teachers	Automatic 1.5% compounded.	
Louisiana SERS	Subject to approval by the legislature and contingent upon funding available in COLA account consisting of excess investment returns; COLA amount is based on plan funded percentage and investment returns; COLA amount ranges from the lesser of 1.5% or CPI-U (55% funded) to the lesser of 3.0% or CPI-U (80% funded), if certain actuarial rates of return are met; COLA applies only to first $60,000 of benefit, indexed to CPI; minimum COLA eligibility at age 60, if retired at least one year; COLAs may be granted only every other year until system is at least 85% funded; participants may elect retirement option providing an actuarially reduced benefit with auto annual 2.5% COLA beginning at age 55.	2014 legislation tied the amount of future COLAs to the plan's funded status, limited COLAs to every other year if funds are available, and capped deposits into the accounts from which COLAs are funded.
Louisiana Teachers	Subject to approval by the legislature and contingent upon funding available in COLA account consisting of excess investment returns; COLA amount is based on plan funded percentage and investment returns; COLA amount ranges from the lesser of 1.5% or CPI-U (55% funded) to the lesser of 3.0% or CPI-U (80% funded), if certain actuarial rates of return are met; COLA applies only to first $60,000 of benefit, indexed to CPI; minimum COLA eligibility at age 60, if retired at least one year; COLAs may only be granted every other year until system is at least 85% funded; participants may elect retirement option providing an actuarially reduced benefit with auto annual 2.5% COLA beginning at age 55.	2014 legislation tied the amount of future COLAs to the plan's funded status, limited COLAs to every other year if funds are available, and capped deposits into the accounts from which COLAs are funded.
Massachusetts SERS and TRS	Ad hoc, typically based on CPI up to 3% applied to first $13,000 of benefit, subject to legislative approval and enactment. Must be retired one full fiscal year before being eligible for COLA.	Effective 2011, increased benefit to which COLA applies from first $12,000 of benefit to $13,000.
Maryland PERS and Teachers	For service earned after 6/30/11, automatic based on CPI, capped at 2.5% or the increase in CPI if the recent calendar year market value rate of return was greater than or equal to the assumed actuarial investment return of 6.80%. If that threshold is not met, COLA is the lesser of 1.0% or the increase in CPI. COLA on service prior to 7/1/2011 is automatic based on CPI, capped at 3.0%.	For service earned after 6/30/2011, COLA was lowered from CPI up to 3%, compounded, to CPI capped at 2.5%, or 1%, depending on investment return.
Maine Local	Based on individual employer election. If provided, based on CPI up to 2.5%. Those who retire on or after 9/1/2019 qualify for a COLA after 24 months of retirement, and may have their COLA reduced or frozen if the plan's costs exceed established member and employer contribution rate caps of 9.0% and 12.5%, respectively.	In 2018 the board approved a reduction to the maximum COLA from 3.0% to 2.5% for current retirees, and extended the COLA waiting period from 12 to 24 months, and provided for the possible reduction or freezing of future COLA if the plan's cost exceed established member and employer contribution rate caps. Effective

Plan	COLA Provision	2009-2022 Changes
		7/1/2014, the COLA of CPI up to 4% compounded, was reduced to up to 3%. Members who retire on or after 9/1/2015 qualify for a COLA after twelve months of retirement rather than 6 months, as previously in effect.
Maine State and Teacher	COLA is based on the CPI up to 3% applicable to the first $20,000 of benefit, indexed for inflation beginning in 2011.	Effective 7/1/2011, the COLA of CPI up to 4% compounded, was suspended for three years, after which the cap and portion of the benefit to which the COLA applies was reduced. A legal challenge to the law was dismissed in 2014. 2015 legislation provided a minimum COLA of 2.55% for FY 16 and FY 17. Beginning in FY 18 the CPI-based COLA was reinstated.
Michigan Municipal	Employers may elect to provide a COLA, on a one-time basis or as an automatic adjustment.	
Michigan Public Schools	Automatic 3% simple; those hired after 6/30/10 are not eligible for a COLA.	Employees hired after 6/30/10 participate in a hybrid plan that does not provide a COLA.
Michigan SERS	Automatic 3% simple up to $300 annually.	
Minnesota PERF	Automatic, compounded, equal to 50% of inflation with a floor of at least 1.0% if inflation is 2.0% or lower, and a cap of 1.5% if inflation is higher than 3.0%.	2018 legislation replaced the previous COLA, which was tied to the plan's funding level, with an inflation-based COLA. 2010 legislation reduced auto-COLA from 2.5%. The law was challenged and upheld in a final ruling issued in 2011.
Minnesota State Employees	Automatic, 1.0% compounded, increasing to 1.5% on 1/1/24.	2018 legislation replaced the previous COLA, which was tied to the plan's funding level, with a fixed percentage COLA. 2010 legislation reduced auto-COLA from 2.5%. The law was challenged and upheld in a final ruling issued in 2011.
Minnesota Teachers	Automatic, 1.0% compounded from FY 19-23, increasing by 0.1% from FY 24-28 to 1.5%.	2018 legislation replaced the previous COLA, which was tied to the plan's funding level, with a fixed percentage COLA. 2010 legislation reduced auto-COLA from 2.5%. The law was challenged and upheld in a final ruling issued in 2011.
Missouri DOT and Highway Patrol	80% of CPI up to 5% compounded; those hired before 8/28/97 receive a min. of 4% and a max. of 5% compounded, up to 65% of original benefit, and then 80% of CPI up to 5% thereafter.	
Missouri Local	Contingent upon investment return, with a max of the lower of 4% or cumulative CPI since retirement.	

Plan	COLA Provision	2009-2022 Changes
Missouri Teachers and PEERS	When the Consumer Price Index for Urban Consumers (CPI-U) for the previous fiscal year is between 0% and 2%, no COLA is provided when the CPI-U is cumulatively below 2%. A 2% COLA is provided when the cumulative CPI-U reaches 2% or more. The cumulative calculation resets to zero and restarts after a COLA is provided. A COLA of 2% is paid when the change in CPI-U is between 2% and 5%; and a COLA of 5% is paid when the CPI is 5% or greater, subject to a lifetime cap of 80% of the original benefit.	In 2011 the Board changed the auto, compounded COLA from 2% if CPI-U is between 0% and 5%; 5% if CPI-U is 5% or higher, and no COLA is given if CPI-U is less than 0%; subject to a lifetime cap. In 2017 the Board again changed the COLA policy to add a cumulative calculation to the formula.
Missouri State Employees	80% of CPI up to 5% compounded; those hired before 8/28/97 receive a min. of 4% and a max of 5% compounded, up to 65% of original benefit, and then 80% of CPI up to 5% thereafter.	Per 2017 legislation, the COLA for members hired on or after 1/1/11 who terminate employment before becoming eligible for retirement is delayed until the second anniversary of the member's annuity start date.
Mississippi PERS	Automatic, 3% simple, until age 60, then compounded thereafter, for those hired on or after 7/1/11; Automatic, 3% simple, until age 55, then compounded thereafter, for those hired before 7/1/11.	2011 legislation increased the age at which COLA compounding begins from 55 to 60.
Montana PERS	Automatic, ranging from zero to 1.5% compounded, depending on the plan's funded status, beginning 12 months after onset of annuity, for those hired on or after 7/1/13; 1.5% for those hired between 7/1/07 and 6/30/13; 3.0% compounded for those hired before 7/1/07.	2011 legislation reduced the automatic guaranteed annual benefit adjustment (GABA) for retired, active and newly hired members from 1.5% compounded and tied its provision to PERS' funding ratio. The law was challenged in court, and a 2015 ruling reversed the changes for retired and active members and upheld for new hires.
Montana Teachers	Automatic, ranging from 0.5% to a maximum of 1.5%, compounded, depending on the plan's funded status, beginning 36 months after onset of annuity, for those hired on or after 7/1/13; 1.5% for those hired before 7/1/13. Automatic 1.5% compounded beginning 3 years after onset of annuity.	2011 legislation reduced the automatic guaranteed annual benefit adjustment (GABA) for retired, active and newly hired members from 1.5% compounded and tied its provision to TRS' funding ratio. The law was challenged in court, and a 2015 ruling reversed the changes for retired and active members and upheld for new hires.
North Carolina Local Government	Ad hoc as approved by the Board, with certain limitations. The Board may grant COLAs up to a maximum of 4%, provided that the COLA does not exceed the year-over-year increase in the CPI and that the cost of the increase is paid for with investment gains. COLAs in excess of these provisions must be approved by the legislature.	In 2016 the NC LGERS Board granted a COLA of 0.105%.
North Carolina Teachers and State Employees	Ad hoc as approved by the legislature.	In 2017 the NC TSERS Board granted a COLA of 1.0% to retirees whose retirements began on or before 7/1/16. Those with retirement dates between 8/1/16 and 6/1/17 received a prorated amount based on the number of months retired. In October 2018, TSERS retirees received a 1% one-time supplement payment based on their annual retirement benefit as 9/1/18. In December

Plan	COLA Provision	2009-2022 Changes
		2021, TSERS retirees received a 2% one-time supplement payment based on their annual retirement benefit as of 09/01/2021. In October 2022, TSERS retirees are scheduled to receive a 3% one-time supplement payment based on their annual retirement benefit as of 9/1/22.
North Dakota PERS	Ad hoc as approved by the legislature.	The most recent COLA increase was 6.0% paid 8/1/2001 for annuitants receiving benefits as of that date.
North Dakota Teachers	Ad hoc as approved by the legislature.	The most recent COLA increase, approved in 2009, was a supplemental payment based on the annuitant's length of service and length of time since retirement.
Nebraska Schools	Based on CPI, up to 1% compounded for employees hired on or after 7/1/13; for other members, based on CPI, up to 2.5%, compounded.	2013 legislation created a new tier for those hired on or after 7/1/13. This tier features a reduced maximum COLA.
Nebraska State and County Cash Balance	Participants may elect at retirement to convert their cash balance account to a monthly annuity with a built-in annual COLA of 2.5%.	
New Hampshire Retirement System	Ad hoc as approved by the legislature.	Retirees who had been retired five years and longer as of 7/1/19 were granted an ad hoc COLA effective 7/1/20 of 1.5 percent, applied to the first $50,000 in annual benefit.
New Jersey PERS, Police & Fire, and Teachers	COLA suspended until the plan funding level reaches 80%, after which a panel will assess the prudence of paying a COLA.	2011 legislation suspended the automatic COLA that was based on 60% of CPI. The law was challenged and upheld in a final ruling issued in 2016.
New Mexico PERA	2.0%, simple, through FY 23. Effective FY 24, the annual COLA is determined by the difference between the fund's smoothed investment return and an actuarially determined COLA hurdle rate (i.e., the investment return required to fund a COLA of greater than 0.5%), with a minimum of 0.5% and a maximum of 3.0% if the system is less than 100% funded, or 5.0% if the system is funded at 100% or greater. An annual COLA of 2.5% will be provided to those who retire with at least 25 years of service and an annual pension benefit below $25,000, retirees who have attained at least 75 years of age as of 7/1/20, and disability retirees.	2020 legislation repealed the compounding element of the COLA for the period FY 2021 through FY 2023, and effective FY 2024, implemented a shared-risk COLA based on the system's funding ratio and smoothed investment rate of return. 2013 legislation reduced the automatic compounded COLA from 3% to 2%.
New Mexico Teachers	COLA is based on the change in CPI. If the change in CPI is less than 2.0%, the COLA is equal to the change in CPI. If the change in CPI is greater than 2.0%, the COLA is equal to one-half of the change in CPI, but not less than 2.0% nor more than 4.0%. In 2013, COLAs for all current and future retirees were reduced until ERB is 100% funded. When the funded ratio is 90% of less, the COLA for retirees whose	2013 legislation reduced the COLA depending on retiree length of service and size of benefit. All COLA reductions cease upon ERB's attainment of a 100% funding level. The law was challenged and upheld by the NM Supreme Court in 2013.

Plan	COLA Provision	2009-2022 Changes
	annuity is at or below the median retirement benefit and who have 25 or more years of service credit at retirement will be reduced by 10%. For all other retirees, the reduction is 20%. When the funded ratio exceeds 90% and is less than 100%, the COLA for retirees who have 25 or more years of service credit at retirement and whose annuity is at or below the median retirement benefit will be reduced by 5%. For all other retirees, the reduction is 10%.	
Nevada Police Officer and Firefighter and Regular Employees	After 3 years of receiving benefits, automatic COLA of 2% annually, rising gradually to 5% annually, compounded, after 14 years of benefits; the compounded COLA is capped by the lifetime CPI for the period of retirement, i.e., it may not exceed inflation.	2015 legislation reduced the COLA for employees hired on or after 7/1/15. Newly hired workers will receive a COLA of 2% after 3 years of receiving benefits, 2.5% after 6 years, and the lesser of 3% or the preceding year's increase in CPI after 9 years and thereafter.
New York State Teachers	Automatic, based on one-half of the increase in the annual CPI, applied to first $18,000 of annual pension, compounded; must be 62 and retired for 5 years, or 55 and retired for 10 years, to receive COLA; COLA is a minimum of 1% and a maximum of 3%.	
New York State & Local ERS and Police & Fire	Automatic, based on one-half of the increase in the annual CPI, applied to first $18,000 of annual pension, compounded: must be 62 and retired for 5 years, or 55 and retired for 10 years, to receive COLA; COLA is a minimum of 1% and a maximum of 3%.	
Ohio PERS	For those who retired on or before 1/1/13, automatic, 3%, simple. Retirees receive a COLA beginning 12 months after their effective date of retirement. Beginning in 2019, the COLA for those who retired on or after 2/1/13 is based on CPI with a cap of 3.0%, simple. The first COLA is paid 12 months after their effective date of retirement.	2012 legislation tied COLA to CPI, up to 3% for all active members. Legislation includes a five-year transition period. Members retiring within the first five years after 1/7/13 are eligible for a simple 3% COLA until 12/31/18. OPERS currently is pursuing legislation that would suspend the COLA for all retirees in 2022 and 2023 and extend the COLA waiting period from 12 to 24 months for future retirees beginning in 2022. Changes are subject to approval by the Ohio Legislature.
Ohio Police & Fire	Lesser of 3% or the CPI, automatic, simple; COLA delayed until age 55 for all members except survivors and those receiving permanent disability benefits.	Per 2012 legislation, COLA reduced and tied to CPI; onset delayed for nearly all members.
Ohio School Employees	As of 1/1/18, COLA no longer statutorily guaranteed, but is discretionary, based on board approval. If the board chooses to provide a COLA, the COLA is tied to the change in CPI-W and is capped at 2.5%, though the board may approve a COLA above 2.5% if the board's actuary is in agreement. Board may also lower COLA below CPI-W upon actuary's recommendation. COLA onset for new benefit recipients is delayed until 4th benefit anniversary.	Per legislation effective September 2017, the automatic, 3% simple retiree COLA was replaced with a discretionary COLA tied to CPI-W. As a result of this authority, the board suspended COLAs for three years (from 1/1/18 until 1/1/21). Per March 2018 legislation, board determines COLA onset for new benefit recipients.

Plan	COLA Provision	2009-2022 Changes
Ohio Teachers	COLAs are provided on an ad hoc basis as approved by the STRS OH board if the board's actuary determines that a COLA will not materially impair the fiscal integrity of the system. (ORC 3307.67)	Legislation approved in 2012 provided for an annual 2% simple COLA for retirees beginning 8/1/13. Individuals who retired on or after 8/1/13 may receive a COLA beginning on the fifth anniversary of their retirement. The legislation also authorized the STRS board to adjust the COLA if the board's actuary determines that an adjustment does not materially impair the fiscal integrity of the retirement system or is necessary to preserve the fiscal integrity of the system. Pursuant to this authority, the STRS board voted in 2017 to reduce the COLA to 0% to preserve the fiscal integrity of the system. In March 2022, the STRS Board approved a one-time 3% COLA, effective 7/1/22. The one-time 3% COLA is paid to eligible benefit recipients and will be implemented as applied under current Ohio statute: 3% of base benefit is added to the monthly payment beginning in FY 2023 for benefit recipients who began receiving benefits on or before 6/1/18 and applies to future monthly payments. The date of the increase is the anniversary date of retirement, which always falls on the first of the month. The motion passed by the STRS Board in March 2022 also signals the Board's intent to review benefits again, no later than Spring 2023, to evaluate whether additional enhancements are possible in accordance with the laws in effect at that time.
Oklahoma PERS and TRS	Ad hoc as approved by the legislature; subject to required funding.	2020 legislation approved the first retiree COLA since 2008, which was exempted from the 2011 funding requirement. The COLA approved in 2020 increased benefits on a sliding scale based on retirees' length of retirement. The Legislature approved a provision in 2011 requiring future COLAs to be funded. Prior to this legislative action, a 2% COLA had regularly been approved.
Oregon PERS	Automatic, based on CPI, up to 2.0%, compounded, for benefits earned as of 10/1/13 or earlier. Automatic, based on CPI up to 1.25% on the first $60,000 in benefits and 0.15% on amounts above $60,000 for benefits earned after 10/1/13.	2013 legislation lowered the maximum COLA applied to future benefit accruals for retired members as well as current employees and new hires from 2% to 1.25% on the first $60,000 in benefits, and 0.15% on amounts above $60,000. The law also provided for supplementary COLA payments depending on benefit levels over six years The law was challenged and partially rejected as an unconstitutional adjustment to COLA as it pertains to benefits earned prior to the law's effective date. The court also invalidated the supplementary payments.

Plan	COLA Provision	2009-2022 Changes
Pennsylvania School Employees and SERS	Ad hoc as approved by the general assembly. The most recent COLA was approved in 2002. The amount of the COLA was a sliding scale based on the annuitant's date of retirement.	
Rhode Island ERS	Effective 7/1/15, annual COLA is comprised of the sum of two elements; 1) 50% of the 5-year average investment return of the retirement system, less 5.5%, with a floor of 0% and a cap of 4%., and 2) the lesser of 3% or the increase in CPI for the previous year. The COLA produced by the sum of these elements is subject to a floor of 0% and a cap of 3.5% and is applied to the first $25,855 of retirement benefit; such amount is indexed annually in the same percentage as determined above. The COLA commences upon the later of the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. A COLA is granted annually if the plan is at least 80% funded. If the plan funding is below 80%, the COLA is granted every four years until 80% funding is reached.	For members not eligible to retire as of 9/30/09, the law changed the COLA for all members from 3% compounded annually to the COLA provided under a 2005 reform, applicable to non-vested members, which is the lower of either the CPI or 3% and requires a full 3-year anniversary from the date of retirement for receipt of the COLA. The Rhode Island Legislature again in 2011 revised the COLA provisions, effective 7/1/12. A challenge to the law was settled in mediation in 2015.
Rhode Island Municipal	Effective 7/1/15, annual COLA is comprised of the sum of two elements; 1) 50% of the 5-year average investment return of the retirement system, less 5.5%, with a floor of 0% and a cap of 4%., and 2) the lesser of 3% or the increase in CPI for the previous year. The COLA produced by the sum of these elements is subject to a floor of 0% and a cap of 3.5% and is applied to the first $25,855 of retirement benefit, with such amount indexed annually in the same percentage as determined above. The COLA commences upon the third anniversary of the date of retirement or the date on which the retiree reaches his or her Social Security retirement age, whichever is later. A COLA is granted annually as long as the plan is at least 80% funded. If the plan funding is below 80% the COLA is granted every four years until 80% funding is reached.	The Rhode Island Legislature in 2011 revised COLA provisions from automatic 3% non-compounded, effective 7/1/12. A challenge to the law was settled in mediation in 2015.
South Carolina Police	Automatic, based on CPI up to 1% annually, subject to an annual cap of $500.	Per 2012 legislation, COLA is subject to an annual cap.
South Carolina RS	Automatic, 1% annually, subject to an annual cap of $500.	Per 2012 legislation, COLA is subject to an annual cap.
South Dakota RS	If the system is fully funded or greater, COLA is equal to CPI-W with a minimum of 0.0% and a maximum of 3.5%. If the system is less than fully funded, COLA is equal to CPI-W with a minimum of 0.0% and a maximum equal to a "restricted COLA maximum" which is to be calculated at a level necessary to restore the system to full funding.	2021 legislation reduced the minimum COLA payable from 0.5% to 0.0%. 2017 legislation modified the COLA formula, effective 7/1/18, to equal CPI-W with a minimum of 0.5%, and a maximum depending on the system's funded status.

Plan	COLA Provision	2009-2022 Changes
TN Political Subdivisions	Participating employers may choose from 1 of 2 options: a) no COLA; b) automatic based on CPI, up to 3%, compounded.	
TN State and Teachers	Automatic based on CPI, up to 3% compounded.	2013 legislation provides for the potential reduction or suspension of the COLA if employer cost or unfunded liability thresholds are exceeded.
Texas County & District	Ad hoc, approved by individual employers. Employers can choose no COLA, a flat % COLA (limited based on CPI), or a CPI-based COLA (10% - 100% of CPI), compounded.	
Texas ERS and LECOS	Ad hoc as approved by the legislature; per state law, the plan's amortization period must be less than 31 years for legislature to approve a COLA. A COLA was last granted in 2001.	
Texas Municipal	Based on individual employer election; employers may choose no COLA or one based on 30%, 50%, or 70% of CPI, compounded.	
Texas Teachers	Ad hoc, as approved by the legislature; per state law, plan's amortization period must be less than 31 years for legislature to approve a COLA.	The Legislature in 2021 approved a 13th check in the amount of the lesser of each retiree's gross monthly annuity or $2400.
Utah Noncontributory	For those hired before 7/1/11, automatic based on CPI up to 4.0%, simple; for those hired after 6/30/11, based on CPI up to 2.5%, simple.	Legislature reduced maximum COLA for those hired after 6/30/11 from 4% to 2.5%.
Virginia Retirement System	Automatic based on CPI for the first 3%, and one-half of the next 4% of CPI, with an annual cap of 5%, compounded; effective 1/1/13, COLAs for non-vested active members are based on the first 2% of CPI and one-half of the next 1%, with an annual cap of 3%, compounded.	Effective 1/1/2013, COLAs for non-vested members are capped at 3% rather than 5%; for early retirees, COLA onset is delayed until July 1 one year following retirement.
Vermont State Employees	For those eligible for normal retirement before 7/1/22 and who have been retired for 12 months, automatic based on CPI, with a minimum of 1% and a maximum of 5%, compounded. For those eligible for normal retirement after 6/30/22 who have been retired for 24 months, automatic based on CPI, with a minimum of zero and a maximum of 4%, compounded.	2022 legislation reduced the COLA range from 1-5% to 0-4% and lengthened the COLA waiting period from 12 to 24 months. 2014 legislation increased the COLA for those retiring after 6/30/08, from one-half of CPI to the full CPI.
Vermont Teachers	For those eligible for normal retirement before 7/1/22 and who have been retired for 12 months, automatic based on one-half of CPI, up to 5%, compounded. For those eligible for normal retirement after 6/30/22 who have been retired for 24 months, automatic, based on one-half of CPI, with a minimum of zero and a maximum of 4%, compounded.	2022 legislation reduced the COLA range from 1-5% to 0-4% and lengthened the COLA waiting period from 12 to 24 months. The law expresses the General Assembly's intent to consider a path to a higher COLA benefit for teachers once the plan's actuarial funding level reaches 80%.
Washington LEOFF Plan 1	Automatic, full CPI, compounded.	
Washington LEOFF Plan 2	Automatic based on CPI, up to 3% compounded.	

Plan	COLA Provision	2009-2022 Changes
Washington PERS and Teachers Plan 1	Ad hoc as approved by the legislature	2022 legislation provided a one-time COLA of 3% to those with retirement dates prior to 7/2/21, not to exceed $110/month. 2011 legislation eliminated automatic COLA which provided a postretirement benefit increase based on a $/years of service calculation. The law was challenged and upheld by the WA Supreme Court in 2014.
Washington PERS, School Employees, and Teachers Plan 2/3	Automatic, based on CPI, up to 3%, compounded.	
Wisconsin Retirement System	Dividend adjustment provided based on investment returns, and can increase or decrease, but not below base benefit.	
West Virginia PERS and TRS	Ad hoc as approved by the legislature.	The Legislature in 2011 provided a 13th check of $1200 for all retirees with 20 or more years of service and an annual benefit of $7200 or less. In 2019, all current retirees with 25 or more years of service were guaranteed a minimum annuity of $750/month. For existing beneficiaries, if the retiree has 25 years of service, is deceased and originally elected a joint & survivor 50% annuity, the minimum monthly annuity is $375/month.
Wyoming Public Employees	Effective 7/1/12, the COLA is removed until the actuarial funded ratio reaches 100 percent “plus the additional percentage the retirement board determines is reasonably necessary to withstand market fluctuations."	Prior to 7/1/12, COLAs were ad hoc and linked to perceived affordability.

COLA provisions listed above are in effect as of June 2022

Firefighters' Retirement System - One Time Payment Cost by Employer - Retired 1 year

Employer	Total Annual Benefits	Count	13th Check to those retired at least 1 year	Average 13th check	$1,000 One-Time Payment to those retired at least 1 year
Abbeville	$ 514,044	17	$ 42,837	$ 2,520	$ 17,000
Alexandria	$ 5,929,233	144	$ 494,103	$ 3,431	$ 144,000
Baker	$ 418,194	13	$ 34,850	$ 2,681	$ 13,000
Bastrop	$ 1,057,654	37	$ 88,138	$ 2,382	$ 37,000
Bayou Cane	$ 23,113	1	$ 1,926	$ 1,926	$ 1,000
Beauregard	$ 15,412	1	$ 1,284	$ 1,284	$ 1,000
Benton Fire District #4	$ 97,954	3	$ 8,163	$ 2,721	$ 3,000
Bogalusa	$ 1,120,258	51	$ 93,355	$ 1,830	$ 51,000
Bossier City	$ 4,011,831	82	$ 334,319	$ 4,077	$ 82,000
Bunkie	$ 32,742	1	$ 2,729	$ 2,729	$ 1,000
Caddo Fire District #1	$ 26,880	1	$ 2,240	$ 2,240	$ 1,000
Caddo Fire District #3	$ 173,479	6	$ 14,457	$ 2,410	$ 6,000
Caddo Fire District #4	$ 52,173	2	$ 4,348	$ 2,174	$ 2,000
Caddo Fire District #5	$ 101,236	4	$ 8,436	$ 2,109	$ 4,000
Caddo Fire District #6	$ 13,118	1	$ 1,093	$ 1,093	$ 1,000
Caddo Fire District #8	$ 67,896	2	$ 5,658	$ 2,829	$ 2,000
Calcasieu Consolidated	$ 107,022	3	$ 8,919	$ 2,973	$ 3,000
Central Fire District #4	$ 221,014	4	$ 18,418	$ 4,605	$ 4,000
Concordia Fire District #2	$ 54,437	1	$ 4,536	$ 4,536	$ 1,000
Covington	$ 112,269	3	$ 9,356	$ 3,119	$ 3,000
Crowley	$ 444,422	14	$ 37,035	$ 2,645	$ 14,000
Denham Springs	$ 570,368	16	$ 47,531	$ 2,971	$ 16,000
Deridder	$ 240,691	8	$ 20,058	$ 2,507	$ 8,000
Desoto Fire District #1	$ 91,025	2	$ 7,585	$ 3,793	$ 2,000
Desoto Fire District #8	$ 79,520	1	$ 6,627	$ 6,627	$ 1,000
Donaldsonville	$ 155,638	4	$ 12,970	$ 3,243	$ 4,000
East Baton Rouge Fire District #6	$ 15,044	1	$ 1,254	$ 1,254	$ 1,000
Eunice	$ 340,023	13	$ 28,335	$ 2,180	$ 13,000
Franklin	$ 26,949	2	$ 2,246	$ 1,123	$ 2,000
Hammond	$ 1,822,675	40	$ 151,890	$ 3,797	$ 40,000
Harahan	$ 43,652	1	$ 3,638	$ 3,638	$ 1,000
Iberia Parish	$ 18,394	1	$ 1,533	$ 1,533	$ 1,000
Jefferson Parish	$ 12,996,209	179	$ 1,083,017	$ 6,050	$ 179,000
Jennings	$ 188,577	5	$ 15,715	$ 3,143	$ 5,000
Jonesboro	$ 40,199	1	$ 3,350	$ 3,350	$ 1,000
Kaplan	$ 94,832	4	$ 7,903	$ 1,976	$ 4,000
Kenner	$ 2,885,241	60	$ 240,437	$ 4,007	$ 60,000
Lafayette	$ 6,478,623	175	$ 539,885	$ 3,085	$ 175,000
Lake Charles	$ 4,000,293	110	$ 333,358	$ 3,031	$ 110,000
Leesville	$ 262,183	12	$ 21,849	$ 1,821	$ 12,000
Lincoln Fire District #1	$ 280,091	6	$ 23,341	$ 3,890	$ 6,000
Minden	$ 183,731	5	$ 15,311	$ 3,062	$ 5,000
Monroe	$ 5,746,957	163	$ 478,913	$ 2,938	$ 163,000
Montegut Fire District #6	$ 45,419	2	$ 3,785	$ 1,893	$ 2,000
Morgan City	$ 1,090,066	29	$ 90,839	$ 3,132	$ 29,000
Natchitoches	$ 1,053,755	32	$ 87,813	$ 2,744	$ 32,000
Natchitoches Fire District #6	$ 15,421	1	$ 1,285	$ 1,285	$ 1,000
New Iberia	$ 1,894,876	62	$ 157,906	$ 2,547	$ 62,000
Opelousas	$ 1,144,365	29	$ 95,364	$ 3,288	$ 29,000
Ouachita Parish Police Jury	$ 4,193,148	100	$ 349,429	$ 3,494	$ 100,000
Pineville	$ 749,855	24	$ 62,488	$ 2,604	$ 24,000
Plaquemine	$ 183,297	6	$ 15,275	$ 2,546	$ 6,000
Plaquemines Parish	$ 35,460	3	$ 2,955	$ 985	$ 3,000
Ponchatoula	$ 154,763	6	$ 12,897	$ 2,150	$ 6,000
Port Allen	$ 91,915	3	$ 7,660	$ 2,553	$ 3,000
Rapides Police Jury	$ 1,091,915	28	$ 90,993	$ 3,250	$ 28,000
Ruston	$ 1,059,595	29	$ 88,300	$ 3,045	$ 29,000
Shreveport	$ 22,307,919	482	$ 1,858,993	$ 3,857	$ 482,000
St Bernard	$ 3,455,498	90	$ 287,958	$ 3,200	$ 90,000
St Gabriel	$ 28,243	1	$ 2,354	$ 2,354	$ 1,000
St George	$ 1,468,352	26	$ 122,363	$ 4,706	$ 26,000
St John the Baptist	$ 53,514	3	$ 4,460	$ 1,487	$ 3,000
St Landry Fire District #1	$ 115,506	6	$ 9,626	$ 1,604	$ 6,000
St Landry Fire District #2	$ 32,634	1	$ 2,720	$ 2,720	$ 1,000
St Landry Fire District #3	$ 1,257,916	28	$ 104,826	$ 3,744	$ 28,000
St Mary Fire District #3	$ 78,052	2	$ 6,504	$ 3,252	$ 2,000
St Mary Fire District #7	$ 50,793	1	$ 4,233	$ 4,233	$ 1,000
St Tammany Fire District #1	$ 3,693,222	85	$ 307,769	$ 3,621	$ 85,000
St Tammany Fire District #12	$ 607,964	13	$ 50,664	$ 3,897	$ 13,000
St Tammany Fire District #2	$ 69,671	1	$ 5,806	$ 5,806	$ 1,000

Firefighters' Retirement System - One Time Payment Cost by Employer - Retired 1 year

Employer	Total Annual Benefits	Count	13th Check to those retired at least 1 year	Average 13th check	$1,000 One-Time Payment to those retired at least 1 year
St Tammany Fire District #3	$ 63,916	2	$ 5,326	$ 2,663	$ 2,000
St Tammany Fire District #4	$ 2,056,289	43	$ 171,357	$ 3,985	$ 43,000
St Tammany Fire District #5	$ 21,507	1	$ 1,792	$ 1,792	$ 1,000
St Tammany Fire District #8	$ 36,206	1	$ 3,017	$ 3,017	$ 1,000
St Tammany Fire District #9	$ 11,746	1	$ 979	$ 979	$ 1,000
Sulphur	$ 1,142,391	26	$ 95,199	$ 3,662	$ 26,000
Tallulah	$ 44,089	2	$ 3,674	$ 1,837	$ 2,000
Terrebonne 4A	$ 18,342	1	$ 1,529	$ 1,529	$ 1,000
Terrebonne Consolidated	$ 1,783,029	60	$ 148,586	$ 2,476	$ 60,000
Terrebonne Fire District #7	$ 45,918	2	$ 3,827	$ 1,914	$ 2,000
Terrebonne Fire District #9	$ 24,063	1	$ 2,005	$ 2,005	$ 1,000
Vidalia	$ 122,035	6	$ 10,170	$ 1,695	$ 6,000
Ville Platte	$ 282,947	12	$ 23,579	$ 1,965	$ 12,000
Washington Parish	$ 25,306	1	$ 2,109	$ 2,109	$ 1,000
West Baton Rouge Fire District #1	$ 153,624	3	$ 12,802	$ 4,267	$ 3,000
West Feliciana Fire District #1	$ 44,378	2	$ 3,698	$ 1,849	$ 2,000
West Monroe	$ 1,108,074	33	$ 92,340	$ 2,798	$ 33,000
Westlake	$ 96,010	2	$ 8,001	$ 4,001	$ 2,000
Westwego	$ 117,810	5	$ 9,818	$ 1,964	$ 5,000
Winnfield	$ 104,050	4	$ 8,671	$ 2,168	$ 4,000
Winnsboro	$ 39,933	2	$ 3,328	$ 1,664	$ 2,000
Zachary	$ 394,868	17	$ 32,906	$ 1,936	$ 17,000
Grand Total	**$ 104,914,961**	**2,520**	$ 8,742,924		$ 2,520,000

Firefighters' Retirement System - One Time Payment Cost by Employer - Retired 5 years

Row Labels	Sum of Annual Benefit	Count	13th Check to those retired at least 5 years	Average 13th check	$1,000 One-Time Payment to those retired at least 5 years
Abbeville	315224	9	$ 26,269	$ 2,919	$ 9,000
Alexandria	4562823	107	$ 380,235	$ 3,554	$ 107,000
Baker	305857	9	$ 25,488	$ 2,832	$ 9,000
Bastrop	831560	30	$ 69,297	$ 2,310	$ 30,000
Bayou Cane	23113	1	$ 1,926	$ 1,926	$ 1,000
Benton Fire District #4	32638	1	$ 2,720	$ 2,720	$ 1,000
Bogalusa	759642	29	$ 63,304	$ 2,183	$ 29,000
Bossier City	2002827	39	$ 166,902	$ 4,280	$ 39,000
Caddo Fire District #1	26880	1	$ 2,240	$ 2,240	$ 1,000
Caddo Fire District #3	79869	2	$ 6,656	$ 3,328	$ 2,000
Caddo Fire District #4	26091	1	$ 2,174	$ 2,174	$ 1,000
Caddo Fire District #5	71567	3	$ 5,964	$ 1,988	$ 3,000
Caddo Fire District #6	13118	1	$ 1,093	$ 1,093	$ 1,000
Caddo Fire District #8	19415	1	$ 1,618	$ 1,618	$ 1,000
Calcasieu Consolidated	62210	2	$ 5,184	$ 2,592	$ 2,000
Central Fire District #4	30414	1	$ 2,535	$ 2,535	$ 1,000
Crowley	353658	12	$ 29,472	$ 2,456	$ 12,000
Denham Springs	415598	11	$ 34,633	$ 3,148	$ 11,000
Deridder	181717	6	$ 15,143	$ 2,524	$ 6,000
Desoto Fire District #8	79520	1	$ 6,627	$ 6,627	$ 1,000
Donaldsonville	35020	1	$ 2,918	$ 2,918	$ 1,000
East Baton Rouge Fire District #6	15044	1	$ 1,254	$ 1,254	$ 1,000
Eunice	266394	10	$ 22,200	$ 2,220	$ 10,000
Franklin	16658	1	$ 1,388	$ 1,388	$ 1,000
Hammond	1263576	27	$ 105,298	$ 3,900	$ 27,000
Jefferson Parish	9756353	134	$ 813,029	$ 6,067	$ 134,000
Jennings	75710	2	$ 6,309	$ 3,155	$ 2,000
Kaplan	62996	3	$ 5,250	$ 1,750	$ 3,000
Kenner	2013154	42	$ 167,763	$ 3,994	$ 42,000
Lafayette	4838031	128	$ 403,169	$ 3,150	$ 128,000
Lake Charles	2884028	73	$ 240,336	$ 3,292	$ 73,000
Leesville	149584	7	$ 12,465	$ 1,781	$ 7,000
Lincoln Fire District #1	236177	5	$ 19,681	$ 3,936	$ 5,000
Minden	91884	3	$ 7,657	$ 2,552	$ 3,000
Monroe	4117157	110	$ 343,096	$ 3,119	$ 110,000
Montegut Fire District #6	45419	2	$ 3,785	$ 1,893	$ 2,000
Morgan City	738805	20	$ 61,567	$ 3,078	$ 20,000
Natchitoches	638541	20	$ 53,212	$ 2,661	$ 20,000
New Iberia	851155	28	$ 70,930	$ 2,533	$ 28,000
Opelousas	923175	21	$ 76,931	$ 3,663	$ 21,000
Ouachita Parish Police Jury	2312396	57	$ 192,700	$ 3,381	$ 57,000
Pineville	529278	18	$ 44,107	$ 2,450	$ 18,000
Plaquemine	146229	4	$ 12,186	$ 3,047	$ 4,000
Ponchatoula	113038	5	$ 9,420	$ 1,884	$ 5,000
Port Allen	78781	2	$ 6,565	$ 3,283	$ 2,000
Rapides Police Jury	696715	17	$ 58,060	$ 3,415	$ 17,000
Ruston	993699	27	$ 82,808	$ 3,067	$ 27,000
Shreveport	16939113	349	$ 1,411,593	$ 4,045	$ 349,000
St Bernard	2724036	71	$ 227,003	$ 3,197	$ 71,000
St Gabriel	28243	1	$ 2,354	$ 2,354	$ 1,000
St George	389115	9	$ 32,426	$ 3,603	$ 9,000
St Landry Fire District #1	96478	4	$ 8,040	$ 2,010	$ 4,000
St Landry Fire District #3	883959	21	$ 73,663	$ 3,508	$ 21,000
St Mary Fire District #3	25265	1	$ 2,105	$ 2,105	$ 1,000
St Mary Fire District #7	50793	1	$ 4,233	$ 4,233	$ 1,000
St Tammany Fire District #1	2688636	61	$ 224,053	$ 3,673	$ 61,000

Firefighters' Retirement System - One Time Payment Cost by Employer - Retired 5 years

Row Labels	Sum of Annual Benefit	Count	13th Check to those retired at least 5 years	Average 13th check	$1,000 One-Time Payment to those retired at least 5 years
St Tammany Fire District #12	153584	4	$ 12,799	$ 3,200	$ 4,000
St Tammany Fire District #2	69671	1	$ 5,806	$ 5,806	$ 1,000
St Tammany Fire District #3	35861	1	$ 2,988	$ 2,988	$ 1,000
St Tammany Fire District #4	1002329	21	$ 83,527	$ 3,977	$ 21,000
St Tammany Fire District #8	36206	1	$ 3,017	$ 3,017	$ 1,000
Sulphur	904130	20	$ 75,344	$ 3,767	$ 20,000
Tallulah	24161	1	$ 2,013	$ 2,013	$ 1,000
Terrebonne 4A	18342	1	$ 1,529	$ 1,529	$ 1,000
Terrebonne Consolidated	1272575	43	$ 106,048	$ 2,466	$ 43,000
Terrebonne Fire District #7	45918	2	$ 3,827	$ 1,914	$ 2,000
Terrebonne Fire District #9	24063	1	$ 2,005	$ 2,005	$ 1,000
Vidalia	122035	6	$ 10,170	$ 1,695	$ 6,000
Ville Platte	139807	7	$ 11,651	$ 1,664	$ 7,000
West Baton Rouge Fire District #1	107904	2	$ 8,992	$ 4,496	$ 2,000
West Monroe	581141	15	$ 48,428	$ 3,229	$ 15,000
Westwego	80430	3	$ 6,703	$ 2,234	$ 3,000
Winnfield	104050	4	$ 8,671	$ 2,168	$ 4,000
Winnsboro	39933	2	$ 3,328	$ 1,664	$ 2,000
Zachary	234146	5	$ 19,512	$ 3,902	$ 5,000
Grand Total	**72904662**	**1693**	$ 6,075,392		$ 1,693,000