

FREQUENTLY ASKED QUESTIONS

Do the salaries in the Retirement Information System (calculator) include the October 2022 COLA?

Salaries in RIS only reflect what has been processed by Payroll. Payroll has not processed the retroactive COLA as of February 15, 2022.

What is COLA Bank time period? Does it expire?

The COLA bank is available for any future year where the CPI is less than 3.0%. It does not expire and will pass onto your Option B/C beneficiary and/or your Eligible Spouse/Domestic Partner.

What if the CPI is 0 and your bank is 0, does that mean you do not get a raise for that year?

That is correct. Your retirement allowance would remain unchanged for that year.

Is this the first time Tier 1 is being offered the banking for Retirement?

No, the banking feature has been in the Plan for decades. It was added to the Plan on May 24, 1973 with the adoption of Section IV E (10)(c).

What are the numbers in the Eligible Pool table?

The top line of the chart on Slide 6 of the presentation represents the number of employees in the age and years of service range. The number below is their average salary.

What was the CPI for last 3 years?

In 2022 it was 7.4%; in 2021 it was 3.8%; and in 2020, it was 1.6%. Attached is a listing of the past CPI.

If the CPI is above 3%, does the COLA bank keep building year after year?

Yes, it does keep building for Tier 1 eligible recipients. An eligible recipient would include the member, who qualifies for a Formula Pension, their Eligible Spouse/Domestic Partner, their Option B/C beneficiary, members on Permanent Total Disability (PTD), or a surviving spouse/domestic partner of a member who died in active service who was eligible to retire.

For Tier 1 retiring after July 1st 2023, is the bank no longer available at all for those who retire after this date?

Every year, if the CPI is above 3.0% there is a new amount added to the bank. If someone doesn't retire this July, they won't receive the 4.4% banking applicable to this year. They are still eligible for future year banking.

When the COLA bank is empty and it starts up again, do retirees qualify to bank again?

Yes, the banking continues for the lifetime of an eligible Tier 1 recipient. As long as the CPI is above 3.0%, the amount in excess of 3.0% will be banked.

What is the reason the bank is being removed?

The bank is not being removed. If you retire on or before July 1, 2023, you would be eligible for the 4.4% banking for this year. If you wait to retire in future years, as long as the CPI is greater than 3.0%, there will be banking in the future years.

If we stay active thru October, does our salary increase by the COLA increase?

Yes, if your Highest Average One Year Salary is based on the current 26 successive payroll periods, then staying longer will add more periods with the active employee COLA from last year that was effective on October 1, 2022.

Will the calculator on the Retirement's Website include all of the COLAs of the current contract? I have three years left to reach 30 years. Will my targeted retirement salary in three years include the three COLA's: 5.5 in 2022, and 2.5 the next two years?

We calculate your Highest Average One Year Salary based on what has already occurred, meaning what you've already been paid. We don't make projections on your salary. However, the calculator does provide a field for you to enter a different salary to complete the calculation.

Was there a year when they had a special COLA of 4%?

In the last 30 years, the Retirement Board has approved two discretionary COLAs from the available bank (2001 and 2008), but in neither of those years was the COLA 4.0%.

When retired, is it true to say we do not have a minimum for CPI like active employees?

Yes, there is no guaranteed minimum. It's always based on the Consumer Price Index, which can be negative, positive or zero.

Can you elect to receive both 3% and 4.4% (total 7.4%) and bank nothing?

No, the amount of COLA increase is granted by the Retirement Board based on the CPI and Plan rules. There is no election by an employee regarding the amount of COLA that they will receive or how much they can bank.

Is the retirement date July 1, 2023 or July 1, 2024 to receive the banking?

To receive this year's banking of 4.4%, it is July 1, 2023. If the CPI is in excess of 3.0% next year, then there is will banking for next year also.

I believe you are making it sound like the bank will not be available after this July. I think you mean this 4.4% overage is not available after this July. However, any overage next year will be banked. Is that correct?

That is correct. The banking feature does not go away in future years. You will not get this year's banking of 4.4% if you retire after July 1, 2023. However, if the CPI is in excess of 3.0% in future years, you will be eligible for banking in future years.

What is the prorated COLA for an October 2023 retirement date?

It will be 2.3%. The pro-rata COLA for Fiscal Year 2023-2024 is attached.

Regarding the highest "one-year salary", what is the time frame used? Is it retroactive from the retirement date?

It is the highest 26 successive pay periods at any time in your career. For most, it is the periods immediately preceding retirement.

Can I come to the office in person to discuss my repurchase credits?

Yes. Our office is open Monday - Thursday from 7:00am - 3:00pm. You can also call us at x71715.

What is a money purchase?

The Plan is designed to provide you with a Formula Pension at retirement. You contribute to the Plan over your career. That money sits in an account where it earns interest. For Tier 1, there's also a department matching component -- for every \$1 that you contribute, the department matches it by giving the Plan \$1.10. The department matching component also accumulates interest. When you retire, we first perform a calculation based on the Formula Pension, then we complete another calculation by annuitizing the balance in your account and the department matching account. A "money purchase" is based on the second calculation wherein we determine how much the money in your account (plus department matching account) can provide over your lifetime. When the "money purchase" provides a higher monthly amount than the Formula Pension, we will pay the "money purchase" amount to you instead. This applies to all employees who qualify for a Formula Pension in Tier 1. (For Tier 2, it works the same, except there is no department matching.) This is not a special calculation that we only do for a select few and this is not a new calculation. You rarely hear about it because the vast majority of us (over 95%), the Formula Pension provides a higher monthly amount.

Does any of this apply to Tier 2 employees?

Tier 2 employees are not eligible to receive any banking and their maximum COLA is 2% annually. So, if they retire by July 1, 2023, they would get the full 2% with no banking. However, even though the Plan does not allow banking for Tier 2, the Plan does require staff to record any excess above 2.0% for Tier 2 to possibly provide for an Ad Hoc or Discretionary COLA, as granted by the Retirement Board.

HISTORICAL CHANGE IN THE CONSUMER PRICE INDEX (CPI)

CPI Year Change in CPI		CPI Year Change in CPI	
1966	2.0%	1995	1.5%
1967	2.5%	1996	1.9%
1968	3.9%	1997	1.6%
1969	4.7%	1998	1.4%
1970	5.0%	1999	2.3%
1971	3.7%	2000	3.3%
1972	3.2%	2001	3.3%
1973	5.6%	2002	2.8%
1974	10.3%	2003	2.6%
1975	10.6%	2004	3.3%
1976	6.6%	2005	4.5%
1977	6.9%	2006	4.3%
1978	7.3%	2007	3.3%
1979	10.8%	2008	3.5%
1980	15.7%	2009	-0.8%
1981	9.7%	2010	1.2%
1982	6.0%	2011	2.7%
1983	1.8%	2012	2.0%
1984	4.6%	2013	1.1%
1985	4.6%	2014	1.3%
1986	3.3%	2015	0.9%
1987	4.2%	2016	1.9%
1988	4.6%	2017	2.8%
1989	5.1%	2018	3.8%
1990	5.9%	2019	3.1%
1991	4.0%	2020	1.6%
1992	3.6%	2021	3.8%
1993	2.6%	2022	7.4%
1994	1.3%		

Pro-ration Based on 3% COLA

Month of Retirement	Pro-Ration Percentage
7/1/2023	3.0%
8/1/2023	2.8%
9/1/2023	2.5%
10/1/2023	2.3%
11/1/2023	2.0%
12/1/2023	1.8%
1/1/2024	1.5%
2/1/2024	1.3%
3/1/2024	1.0%
4/1/2024	0.8%
5/1/2024	0.5%
6/1/2024	0.3%