



# COLA Study Report

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March 2, 2021

# Conclusion #1

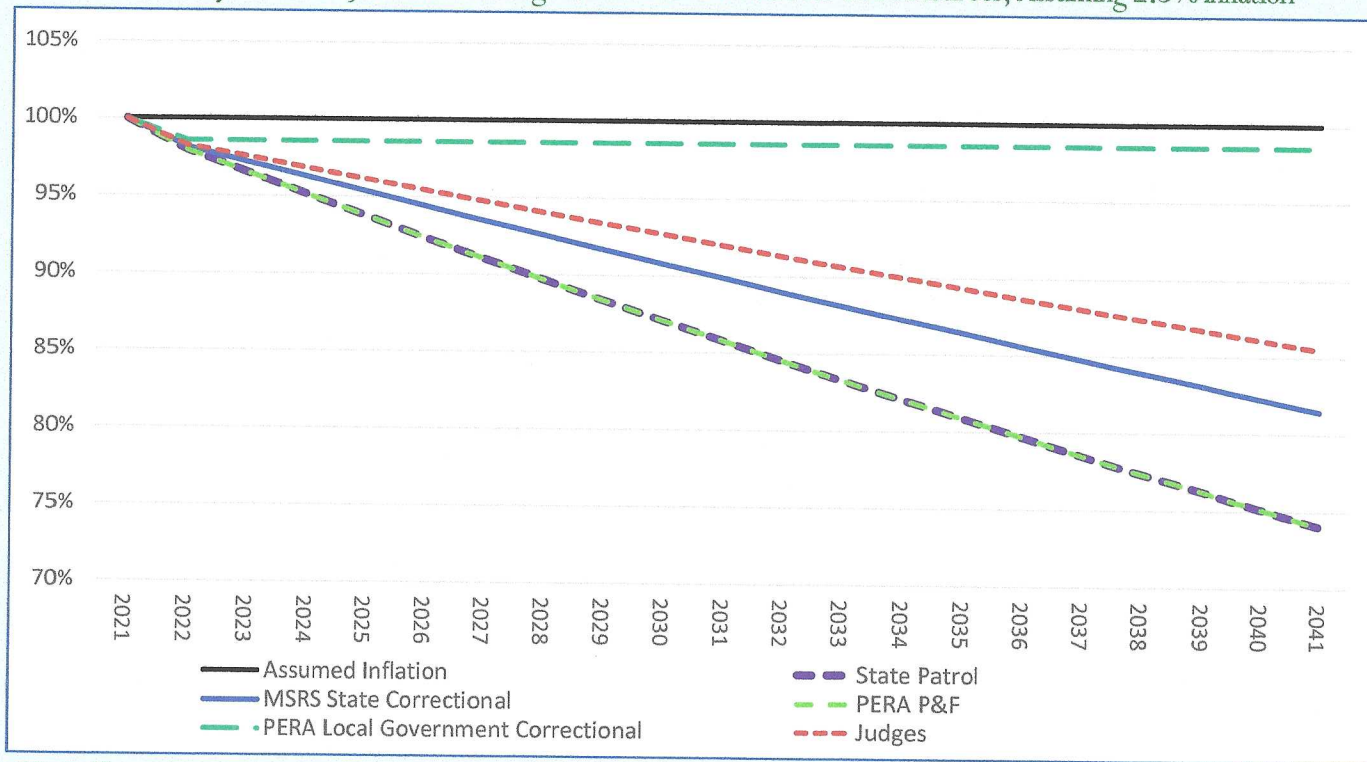
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*“...take into account the purpose of postretirement adjustments and whether governing statutes are consistent with the purpose of postretirement adjustments...”*

- **Purpose of the postretirement adjustment (COLA) is to mitigate the loss of purchasing power of retirement benefits due to inflation.**
  - Plans (other than PERA Correctional) provide members with some protection but will experience erosion if inflation assumption is met.
  - PERA Correctional is likely to substantially or completely offset future inflation if inflation assumptions are met.
  - PERA Police and Fire Plan and MSRS State Patrol Plan are most vulnerable to loss of purchasing power because they are not coordinated with Social Security.

## How well will current postretirement adjustments protect against inflation in the future?

Public Safety Plans: Projected Purchasing Power Over 20 Years for 2021 Retirees; Assuming 2.5% Inflation\*



\*Figure 17