

# Permanent COLA

*An explanation of Cost-of-Living Adjustments for  
New York State and Local Retirement System retirees*



Office of the New York State Comptroller  
Thomas P. DiNapoli



New York State and Local Retirement System

## **A Message from Comptroller Thomas P. DiNapoli**



In July 2000, the Retirement System was at the forefront of a successful effort to enact a law providing an annual cost-of-living adjustment (COLA) for retirees.

A COLA payment is a change, based on the cost-of-living index, that permanently increases your retirement benefit. It is designed to address inflation as it occurs. Once you become eligible and receive your first COLA payment, subsequent COLA adjustments will continue automatically each September.

We hope this brochure makes your COLA easier to understand. If you have any questions, please feel free to contact our Call Center.

Sincerely,

A handwritten signature in black ink that reads "Tom DiNapoli". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Thomas P. DiNapoli  
State Comptroller

## What is COLA?

A COLA payment is an adjustment based on the cost-of-living index that will permanently increase the retirement benefit you receive from the New York State and Local Retirement System. Once you become eligible and payments begin, your benefit will be automatically adjusted each September.

## How is COLA calculated?

COLA payments are based on the rate of inflation, as reflected in the consumer price index published by the U.S. Bureau of Labor Statistics. The law requires that COLA payments be calculated based on 50 percent of the annual rate of inflation, measured at the end of the fiscal year (on March 31st). In addition, the COLA cannot be less than 1 percent or greater than 3 percent of your benefit.

Another provision of the law requires that the COLA be calculated based on the first \$18,000 of your annual Single Life Allowance amount, even if you selected a different option.

For example, assume the inflation rate from March 2013 to March 2014 was 1.6 percent; 50 percent of this would be 0.8 percent. However, the law states that COLA payments must be a minimum of 1 percent. Therefore, the COLA payment in this example would be 1 percent. So, if your pension benefit is \$12,000 a year, it would increase by \$120 a year. If your benefit is \$25,000, it would increase by \$180, representing 1 percent of the first \$18,000 of your Single Life Allowance.

## **Why is the Single Life Allowance payment option used?**

As you may recall, when you retired, you were given various options for how your retirement benefit could be paid to you. All of the options provide you with a monthly benefit for life, but the Single Life Allowance option provides the highest benefit. However, under the Single Life option, no payments are made to beneficiaries after you die. In exchange for providing for your beneficiaries upon your death, all of the other options reduce your benefit.

Therefore, calculating your COLA as if you had chosen the Single Life Allowance provides you the highest amount possible, since this option offers the highest benefit. If the Single Life Allowance is less than \$18,000 annually, the COLA calculation is based on your actual retirement benefit.

## **Who is eligible?**

In order to receive your COLA, you must be:

- Age 62 or older and retired for five or more years;
- Age 55 or older and retired for ten or more years for uniformed employees such as police officers, firefighters and correction officers; or
- Receiving a disability pension from the Retirement System for five or more years, regardless of age.

There are two other situations where someone may be eligible for COLA:

- A beneficiary receiving the accidental death benefit for five or more years on behalf of a deceased Employees' Retirement System member; or
- The spouse of a deceased retiree receiving a lifetime benefit (under an option elected by the retiree at retirement) is entitled to one-half the COLA amount that would have been paid to the retiree when he or she would have met the eligibility criteria.

## **Will I be notified when I become eligible?**

Yes. We will notify you when your COLA payments will begin shortly after you meet the requirements. Your first payment will be retroactive to your eligibility date. Once COLA payments start, they will continue automatically and your benefit will be adjusted every September.

## **Who can I contact if I have any questions about my COLA?**

The requirements and calculation methods for COLA increases are complex. It is important to note that COLA amounts are determined by law and not by the Retirement System. If you have any questions, contact our Call Center toll-free at:

- 1-866-805-0990 if you are calling long distance; or
- 518-474-7736 if you are calling within the Albany, New York area.

You can also:

- Send us an email through our website at **[www.emailNYSLRS.com](http://www.emailNYSLRS.com)**.
- Write to us at:  
NYSLRS  
Pension Payroll Unit  
110 State Street  
Albany, NY 12244-0001.
- Make an appointment to meet with one of our Information Representatives at any of our consultation sites. A list of these consultation sites is available on our website or from our Call Center.

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