John,

Several questions regarding COLA came up during the Wednesday morning committee meeting.  This information may be of interest to the committee.

The PERS Concept Analysis shows the potential impact of limiting COLA eligibility to the first $24,000 or first $32,000 of annual benefits (see pg.10) http://www.oregon.gov/pers/docs/general_information/analysis_of_pers_concepts.pdf  If the limit is raised to the first $36,000 of annual benefits, the rough estimated savings for the 2013-15 biennium is $460 million or an estimated employer rate reduction of about 2.5% of payroll.

Every year, the PERS actuary develops a Purchasing Power study that shows how well monthly benefits paid to retirees and beneficiaries have kept up with inflation since retirement. The November 2012 Milliman study is available at this link: http://www.oregon.gov/PERS/docs/financial_reports/purchasing_power_study.pdf

Finally, the attached June 2012 report from NASRA (Nat. Assoc. of State Retirement Administrators) shows basic COLA provisions and recent modifications that have occurred in state retirement systems throughout the nation.

Please let us know if you need additional information.  -Marjorie


-Marjorie Taylor, Senior Policy Advisor
Public Employees Retirement System
Office 503-431-8902
Cell 503-784-1544
marjorie.taylor@state.or.us

SL2-unless otherwise noted