

## Cost of Living Increases (COLA)

### Who gets a COLA?

Most annuitants are entitled to a COLA. The following groups of annuitants DO NOT receive COLAs:

- a. Child annuitants;
- b. Reversionary annuitants;
- c. Term annuitants;
- d. QILDRO recipients unless specifically noted in the QILDRO;
- e. Employees who retired before July 1, 1985 with less than 10 years of service; and
- f. Surviving spouse annuitants whose deceased spouse died, retired, or withdrew from service before August 23, 1989, with less than 10 years of MWRD Retirement Fund service.

Any annuitant not mentioned above gets an annual COLA.

### How much is the COLA?

Your pension will be increased annually by 3% of the monthly annuity payable at the time of the increase, including any increases previously granted. In other words, it is a compound increase.

#### Example

In 2008, the retiree's monthly annuity was \$5,000. In 2009, it increased by 3% of \$5,000, or \$150 ( $\$5,000 \times 3\%$ ). The new annuity is \$5,150 ( $\$5,000 + \$150$ ).

In 2010, when the COLA is due, the increase is 3% of \$5,150, or \$154.50 ( $\$5,150 \times 3\%$ ). The new annuity is \$5,304.50.

### When does the eligible annuitant receive the COLA?

This depends on whether it is an employee or spouse annuitant and when the employee retired.

Type of annuitant	When he/she receives his/her first COLA
Employees who retired <i>before</i> July 12, 2001	The first payment date following the first anniversary date of retirement.
Employees who retired <i>after</i> July 12, 2001	The first day of the month in which the first anniversary of the date of retirement occurs.
Surviving spouse annuitants	The first day of the month in which the first anniversary of the date of retirement or death (whichever occurred first) occurs.

Subsequent COLAs occur in the same month as the first COLA each year thereafter.

Illustration:

Employee retired close of business:	Payments became effective:	COLA month for the employee annuitant:	COLA month for the spouse annuitant, when payable:
4/29/1999	04/30/1999	April	April
4/30/1999	05/01/1999	May	April
04/30/2002 <sup>1</sup>	05/01/2002	April	April

<sup>1</sup> The Statute changed on July 12, 2001 so that the COLA was applied in the month of the effective date of retirement.