

We work better, when we work together...

## **May 2019**

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### **Cost-Of-Living Adjustments (COLAs)**

Cost-Of-Living Adjustments (COLAs) are important to our members. We receive calls on a regular basis from members trying to determine how much they will receive each year. The annual COLA rate for all of the plans will be equal to 80 percent of the percentage increase in the Consumer Price Index for All Urban Consumers for the United States (CPI-U), with an annual maximum of five percent.

*Example: Calculating COLA Rate Using the CPI-U*  
 $3.00\% \text{ (CPI-U increase)} \times 0.80 \text{ (80\%)} = 2.40\% \text{ COLA Rate}$

There are several other factors to take into consideration. Below is a short reference on how COLAs vary between the plans.

#### **Closed Plan**

There is an exception for members employed before August 28, 1997. The annual COLA rate will not be less than four percent or more than five percent, until the total increases equal 65 percent of the initial benefit. If electing BackDROP, the 65 percent COLA cap starts accruing as of the BackDROP date. After the benefit reaches 65 percent in accumulated COLAs, the annual COLA rate will be equal to 80 percent of the percentage increase in the CPI-U with an annual maximum of five percent.

*Example: Calculating the 65% COLA Cap*  
 $\$1,200 \text{ (initial benefit)} \times 0.65 = \$780.00 \text{ (COLA cap)}$

Increases in the Closed Plan are applied each October.

#### **Year 2000 Plan**

Increases are applied on the anniversary of the retirement or BackDROP date.

#### **2011 Tier**

Members of the 2011 Tier who retire directly from active status and their survivors receive COLA increases on the anniversary date of their retirement. Members of the 2011 Tier who retire from a vested former member status will receive their first COLA increase on the second anniversary date of their retirement.

### **Pre-Retirement Seminars for May and June**

May 10th	Jefferson City	MoDOT Central District Office
June 11th	Joplin	MO Southern State University
June 12th	Springfield	MoDOT Southwest District Office
June 13th	Springfield	MoDOT Southwest District Office
June 19th	Hannibal	MoDOT Northeast District Office
June 21st	Jefferson City	MoDOT Central District Office

### **2019 Board Meeting Schedule**

June 20, 2019  
September 26, 2019  
November 21, 2019