

THE COMMONWEALTH OF MASSACHUSETTS
Public Employee Retirement Administration Commission
John W. McCormack Building, Room 1101
One Ashburton Place, Boston, MA 02108
(617) 727-9380

MEMORANDUM

TO: All Retirement Boards

FROM: Robert F. Stalnaker, Executive Director

RE: COLA Notice

DATE: March 27, 1998

The Public Employee Retirement Administration Commission (PERAC) is providing this notice regarding the COLA Report required by Chapter 17, Section 8(c) of the Acts of 1997. Although that statute requires that only systems which have accepted Chapter 17 be so notified, the Commission believes that notice to all systems in the first year is warranted by the fact that many retirement boards and communities are in the process of adopting that option. However, please keep in mind that only in those systems that have accepted Chapter 17 and established a funding schedule to address costs, may a COLA be granted.

Earlier this year PERAC submitted to the Legislature a report stating that the Social Security Administration has announced that the latest Cost Of Living Adjustment is 2.1%. This is the maximum percentage of COLA required in the event the retirement board elects to grant a COLA for FY99 pursuant to Chapter 32, Section 103 (c).

Each retirement board making a determination whether or not to grant a COLA must notify the Commission of that decision within 30 days.

I would also like to take this opportunity to remind those boards in communities that have accepted Chapter 17 that certification of the votes taking such action must be filed with PERAC. In addition, in accordance with paragraph (b) of Section 103, funding schedules must be amended to address the impact of the COLA. PERAC's actuary Jim Lamenzo has worked with a number of boards to devise appropriate schedules and if you need assistance in this regard, please contact Jim at (617) 727-9380 ext.627.