

**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

RE: COLA Schedules and FY99 Appropriation

DATE: April 9, 1998

We have received a number of inquiries regarding the adoption of the COLA legislation and the determination of the FY99 appropriation. Once a system accepts the COLA legislation, a revised funding schedule (including the impact of the COLA) should normally be adopted effective with the FY99 appropriation. This memo addresses an alternative approach we will accept if there is a timing issue regarding the FY99 appropriation.

We previously provided your FY99 appropriation (not including COLA) in our letter of December 15, 1997. A number of systems have subsequently requested revised appropriation letters for FY99 based on a schedule that recognizes their adoption of the COLA. We prefer that the FY99 appropriation include the impact of the COLA if a system accepts the COLA legislation prior to June 30, 1998. However, we will allow schedules that first reflect the impact of the COLA legislation with the FY00 appropriation, provided that the schedule is based on a valuation performed on or after January 1, 1996. Please note that delaying the schedule would result in appropriations in future years (including FY00), above that which would take place had the schedule commenced in FY99.

Please call our actuary, Jim Lamenzo, if you have any questions.