



COLA

# Actuarial Update For Special COLA Commission



John Boorack, Actuary | PERAC  
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# Number of Retirees/Survivors With Annual Benefits Greater than the \$18,000 COLA Base:

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## ■ State:

- 60,166 of 69,750 (86.26%) retirees/beneficiaries are receiving benefits greater than \$18,000.

## ■ Teachers:

- 67,559 of 71,260 (94.81%) retirees/beneficiaries are receiving benefits greater than \$18,000.



# Update 2022/2023 Funding Schedule Analysis for Asset Gains

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- Revisited the January 1, 2022 actuarial valuation (the basis for the current funding schedule). We wanted to see how the funding schedule would change if we were to update the COLA base / provide a COLA enhancement at the time the funding schedules were being developed.
- For this analysis, I considered only the investment gains; I did not consider any experience gains/losses.



# Asset Gains (in millions)

Year	SRS	MTRS	TOTAL
2019	173	178	351
2020	936	968	1,904
2021	2,912	2,980	5,892
<b>TOTAL</b>	<b>4,021</b>	<b>4,126</b>	<b>8,147</b>



# January 1, 2022 Actuarial Valuation Results (in thousands)

- Actual Results (\$13,000 COLA Base for SRS/MTRS; \$15,000 for Boston Teachers)

Description	SRS	MTRS	Boston Teachers	Local COLA	TOTAL
Total NC	\$1,016,368	\$1,122,461	\$104,974	\$0	\$2,243,803
EEC	616,405	791,561	68,609	0	1,476,575
ErNC	\$399,963	\$330,900	\$36,365	\$0	\$767,228
Exp/Transfers	72,900	43,400	10,600	0	126,900
Net NC With Exp	\$472,863	\$374,300	\$46,965	\$0	\$894,128
Act. Acc. Liab.	\$47,275,156	\$60,308,295	\$4,521,450	\$90,000	\$112,194,901
AVA	34,467,610	35,569,967	2,130,436	0	72,168,013
UAL	\$12,807,546	\$24,738,328	\$2,391,014	\$90,000	\$40,026,888
FR	72.9%	59.0%	47.1%	0.0%	64.3%



# January 1, 2022 Actuarial Valuation Results (in thousands, Continued)

■ Estimated Results (\$14,000 COLA Base for SRS/MTRS; \$15,000 for Boston Teachers)

Description	SRS	MTRS	Boston Teachers	Local COLA	TOTAL
Total NC	\$1,021,450	\$1,128,073	\$104,974	\$0	\$2,254,497
EEC	616,405	791,561	68,609	0	1,476,575
ErNC	\$405,045	\$336,512	\$36,365	\$0	\$777,922
Exp/Transfers	72,900	43,400	10,600	0	126,900
Net NC With Exp	\$477,945	\$379,912	\$46,965	\$0	\$904,822
Act. Acc. Liab.	\$47,511,532	\$60,609,836	\$4,521,450	\$90,000	\$112,732,818
AVA	34,467,610	35,569,967	2,130,436	0	72,168,013
UAL	\$13,043,922	\$25,039,869	\$2,391,014	\$90,000	\$40,564,805
FR	72.5%	58.7%	47.1%	0.0%	64.0%





# January 1, 2022 Actuarial Valuation Results (in thousands, Continued)

■ Estimated Results (\$15,000 COLA Base for SRS/MTRS and Boston Teachers)

Description	SRS	MTRS	Boston Teachers	Local COLA	TOTAL
Total NC	\$1,026,532	\$1,133,686	\$104,974	\$0	\$2,265,192
EEC	616,405	791,561	68,609	0	1,476,575
ErNC	\$410,127	\$342,125	\$36,365	\$0	\$788,617
Exp/Transfers	72,900	43,400	10,600	0	126,900
Net NC With Exp	\$483,027	\$385,525	\$46,965	\$0	\$915,517
Act. Acc. Liab.	\$47,747,908	\$60,911,378	\$4,521,450	\$90,000	\$113,270,736
AVA	34,467,610	35,569,967	2,130,436	0	72,168,013
UAL	\$13,280,298	\$25,341,411	\$2,391,014	\$90,000	\$41,102,723
FR	72.2%	58.4%	47.1%	0.0%	63.7%



# Impact on Funding Schedules

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## ■ Funding Schedule based on actual results:

- Total appropriation increases 9.63% each year through FY28. Beginning in FY29, the remaining UAL is amortized on a 4.0% increasing basis through FY36. Appropriation for FY29 is approximately \$6,233,503,000 and the appropriation for FY30 is \$6,482,843,000.

## ■ Funding Schedule based on results with \$14,000 COLA base:

- Total appropriation increases 9.63% each year through FY28. Beginning in FY29, the remaining UAL is amortized on a 4.0% increasing basis through FY36. Appropriation for FY29 is approximately \$6,380,238,000 and the appropriation for FY30 is \$6,635,447,000.





## Impact on Funding Schedules *(Continued)*

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- **Funding Schedule based on results with \$15,000 COLA base:**
  - Total appropriation increases 9.63% each year through FY29. Beginning in FY30, the remaining UAL is amortized on a 4.0% increasing basis through FY36. Appropriation for FY29 is approximately \$6,500,042,000 and the appropriation for FY30 is \$6,792,532,000.



# Downside to This Approach

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- The funding schedule adopted in early 2023 is based on the actuarial valuation as of January 1, 2022. The next funding schedule will be adopted in 2026 and will be based on the results of the January 1, 2025 actuarial valuation.
- The funding schedule is based upon an actuarial valuation that has been finalized (meaning the assumptions and provisions have already been determined). The reports may or may not have been published.
  - The costs associated with an increased COLA base or COLA enhancements will not be part of the funding schedule being developed.
    - These changes, if approved, will not become part of the funding schedule until the next schedule is developed 3 years later.



COLA

**QUESTIONS?**

Cost of living