

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: All Retirement Boards

FROM: John W. Parsons, Esq., Executive Director

RE: COLA Notice

DATE: January 10, 2023

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.

Under the statute, PERAC reports to the General Court the computation of the increase in the United States Consumer Price Index in the previous year by the Commissioner of Social Security. Any such increase is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). This index is used annually to adjust benefits paid to Social Security retirees and beneficiaries.

The Social Security Administration has announced that the latest Cost of Living Adjustment (COLA) is 8.7%. The COLA which any such system may grant, pursuant to Chapter 32, Section 103(c) and effective July 1, 2023 will thus be 3.0%. This figure reflects the Social Security Administration COLA, with a limitation of 3.0%.

Please be reminded that if a board wishes to adopt a COLA, the board must make this decision in a public meeting, properly posted, and called specifically for such action. This step must be completed before June 30, 2023 so the COLA, if approved can be implemented on July 1, 2023. Notification to the legislative body is not required in circumstances where, as here, the Social Security Administration COLA exceeds 3.0%. However, PERAC encourages the boards to notify the legislative body as a matter of good public policy.

This memorandum and notification involve Fiscal Year (“FY”) 2024. This is separate from the one-time COLA increase authorized for FY23 by Chapter 269 of the Acts of 2022, and described in detail in PERAC Memorandum No. 29 of 2022. For more information about the one-time FY23 COLA increase, please consult Memorandum 29. Any questions regarding the FY 24 COLA described in this memorandum should be directed to PERAC General Counsel Judith Corrigan at judith.a.corrigan@mass.gov.

Each Retirement Board deciding whether or not to grant a COLA must notify the Commission of that decision within 30 days.

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