

Cost-of-Living Adjustment (COLA)



NYC EMPLOYEES'
RETIREMENT SYSTEM

All Tiers

August 2021

The Cost-of-Living Adjustment (COLA) is an annual adjustment to your retirement allowance that is based on the Consumer Price Index (CPI). Certain retirees are eligible to receive a Cost-of-Living Adjustment, which is paid every September.

Who is eligible to receive a Cost-of-Living Adjustment?

- Disability retirees, regardless of age, who have been retired for at least five years
- Service retirees who are at least age 62 AND who have been retired for at least five years
- Service retirees who are at least age 55 AND who have been retired for at least 10 years
- Beneficiaries receiving an Accidental Death Benefit, regardless of age, who have been receiving that benefit for at least five years
- Spouses receiving a Joint-and-Survivor benefit are eligible to receive 50% of the monthly COLA for which the retiree would have been eligible

Who is not eligible for a Cost-of-Living Adjustment?

- A surviving spouse who is a Designated Annuitant of a retiree who died on or after January 1, 1980
- Most Tier 3 retirees, because the statutory escalation they are receiving is greater than the COLA that would otherwise be payable
- Non-spouse beneficiaries
- Beneficiaries of retirees who chose the 5- or 10-Year Certain Option

How does my COLA relate to the Consumer Price Index?

The CPI is generally considered the best measure for adjusting payments to consumers when the intent is to allow consumers to have equivalent purchasing power for goods or services, even though prices for goods and services may have risen from year to year. The law specifically states that the COLA amount shall not be less than 1% nor more than 3% in any year, and will be based on:

- The CPI for each calendar year
- 50% of the annual inflation rate (as determined by the CPI) in the one-year period ending March 31st prior to the COLA payment the following September

How is the COLA increase calculated?

The COLA calculation is based on 50% of the CPI, multiplied by either \$18,000 or your Annual Maximum Retirement Allowance (including any prior years' COLA payments), whichever is less.

How can I have my pension check deposited directly to my bank account?

NYCERS can deposit your check directly into your bank account via Electronic Fund Transfer (EFT). It's easy, reliable and safe. Retirees with a registered MyNYCERS account can sign up for EFT online instead of submitting a paper application. Register for and/or log in at www.nycers.org and look for "Update Pension Payment Method." Alternately, visit www.nycers.org, download and complete Form #380, and mail it in. Be sure to include a voided preprinted check or savings deposit slip.

Where can I find more NYCERS information?

- Register for and/or log in to MyNYCERS at www.nycers.org. MyNYCERS account holders can go online to change their address and Federal tax withholding, set up direct deposit of their check, and download their Award Letter and latest 1099R tax form.
- Visit NYCERS' website at www.nycers.org to access our brochures, forms and publications.
- Contact NYCERS' Call Center at (347) 643-3000.

Cost-of-Living Adjustment (COLA) – Fact Sheet #707



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