

COLA SUSPENSION EXAMPLE

For Explanation only

Notes:

1999 Earnings Allocation – 20%	\$17,500.00	What you got – Regular only
Revised 1999 Earnings Allocation – 11.33%	\$9,913.75	What you should have gotten
Overcrediting	\$7,586.25	Difference
Present Value of Overcredit – 10/1/02 Retirement Date	\$9,379.52	Depends on retirement date compounded to retirement
Balance at 9/30/02 used to figure Benefit (green below)	\$175,000.00	Balance to figure your pension
Adjusted Account Balance on 9/30/02 (subtracting overcrediting)	\$165,620.48	What it should have been
Option 1 Benefit on Reported Account Balance – Age 58 exactly at retirement (benefits are calculated on years and months attained at retirement)	\$3,505.61 Opt 2, 2A etc different	Actual pension check – Option 1
Option 1 Benefit on Adjusted Account Balance (same demographic as above)	\$3,317.72 Opt 2, 2A etc different	What Option 1 should have been
2003 COLA APPLIED TO Adjusted Benefit on 7/1/03	\$3,343.26	(0.77%)
2004 COLA APPLIED TO 7/1/03 Benefit on 7/1/04	\$3,410.13	(2.0%)
2005 COLA APPLIED TO 7/1/04 Benefit on 7/1/05	\$3,478.33	(2.0%)
2006 COLA APPLIED TO 7/1/05 Benefit on 7/1/06	\$3,547.90 COLA "WINS"	(2.0%)

Explanation: Green Cell is what you're actually receiving from PERS now
 Blue Cell is what you should have received if the 1999 regular earnings were distributed at 11.33% instead of 20%. Red signifies point at which COLA suspension ends (i.e. when adjusted amount exceeds amount being paid on 7/1/03.

SO, assuming that 2002 was an abnormal inflation year and that you actually have the CPI exceeding 2% beginning in 2003, then:

NO COLA for you in 2003
 NO COLA for you in 2004
 NO COLA for you in 2005
 SMALL COLA in 2006 because RED amount now exceeds GREEN
 Regular COLA resumes in 2007.