

## Some Reasons to Pass a COLA Now

1. It has been far too long since the last COLA—over 20 years!
  - a. PASR supports SB 864, which would give all annuitants a COLA, but HB 1416 is imperative in that it would provide only Pre Act 9 annuitants with a COLA.
2. Since the passage of Act 9 of 2001, PSERS retirees have lost at least ½ to 2/3 of the value of their pensions due to inflation. Conservative calculations of Inflation (Cost of Living) reflect that prices have increased over 73% since 1990 and over 50% (a minimum of 50% and very likely closer to 65% depending on the measure used) since the last COLA was enacted.
  - a. Pre Act 9 annuitants retired with lower salaries and therefore lower pensions than other annuitants, and they were not recipients of the 25% increase in their pension that post Act 9 annuitants received. (Legislators receives a 50% increase in their pensions as a result of Act 9!).
    - i. The average Pre Act 9 annuitant is 83 years old and receives a pension of less than \$19,000 per year.
    - ii. About one-third (34.3%) of all PSERS annuitants have a pension of under \$10,000 per year.
    - iii. Almost one-half (47.7%) of all PSERS annuitants have a pension of under \$20,000 per year. The average PSERS annuitant receives less than \$27,000 per year.
    - iv. All annuitants who retired prior to 1986 have a yearly pension below \$7,623.
3. Legislators have received COLA's that are pegged to inflation every year since 1995, which will increase the pension payments that they will receive. Over the past three years, their COLA's amount to just under a 19% in increases to their salaries.
4. The PA "rainy day fund" has \$6 billion and there is an additional surplus of \$8 billion, for a total of \$14 billion in surplus funds that could be used to fund a COLA and to make the PSERS system more fully funded.—**THERE IS MONEY AVAILABLE TO HELP THOSE WHO HELPED PA COMMUNITIES THROUGHOUT THEIR CAREERS AND BEYOND. IF NOT NOW, WHEN?**
  - a. The cost of HB 1416 is \$1.77 billion 'amortized' over ten years. Again, the money is available to pay for this.
  - b. HB 1416 would result in ONLY a .44% increase in the unfunded liability for PSERS and .46% for SERS. This amount of money is a drop in the bucket, especially when it is compared to the impact that the COLA would have on the lives of PA seniors.

5. The vast majority of a COLA, if awarded to annuitants, would be spent in PA, helping the PA economy to grow and benefitting PA businesses.
6. A COLA for retired educators is the morally correct choice as it will help seniors avoid living in poverty and supports those who made PA communities stronger during AND AFTER their careers in education. PASR members donate thousands of hours of volunteer work each year as they continue to act to improve PA communities—the state should reciprocate and support these retirees!
  - a. Though COLA's have never been guaranteed the PA General Assembly regularly passed COLA legislation every 4-6 years, thereby creating a tacit agreement that periodic COLA's would be awarded to annuitants.
7. There is an educator shortage in PA that continues to worsen. Showing that educators are valued and can count on a secure retirement will make education a more attractive field for the young and may keep current educators in the work force. Not proving a COLA for decades send the opposite message, that educators are not valued and that the commitment to a career in education will not allow you to live with dignity ion retirement.