

KCPERS Policy

Policy #028 – Cost of Living Adjustment

Adopted: November 12, 2020

For purposes of implementing the provisions of section 86.1220 RSMo. for the Police Retirement System and section 86.1590 RSMo. for the Civilian Employees' Retirement System, the Retirement Board adopts the following cost of living adjustment (COLA) policy.

- 1) The Retirement System shall be considered actuarially sound for purposes described in the statutes, provided: The plan's funded ratio (actuarial value of assets/actuarial accrued liability), is at least 75% and such ratio will not fall below that level as the result of any specific COLA amount granted, as determined by the most recent actuarial valuation.

In an effort to maintain the actuarial soundness of the Retirement Systems, provide inflation protection for retired members, manage the Systems' liabilities, and control contribution amounts, the Retirement Board should consider the following items when making a determination on the Systems' ability to grant an ad hoc cost of living adjustment.

- 1) The actuarial impact on each system's liabilities, if specific COLA amounts are granted.
- 2) The Retirement Board should consult the current COLA matrix, prepared by the Retirement Systems' actuary, when determining the amount of the COLA that can be supported given the return on the actuarial value of assets and the current funded ratio reported in the most recent actuarial valuation.