

# Cost-of-Living Adjustment (COLA)

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# Cost-of-Living Adjustment

- Retirement law provides for the payment of an annual COLA to help maintain purchasing power
- Dependent on 3 factors:
  - Consumer Price Index for All Urban Consumers
  - Employer contracted COLA provision
  - The year of retirement
- COLA Provisions: 2%, 3%, 4%, 5%
  - 95.8% of retirees have a 2% COLA provision
- A retiree becomes eligible for COLA in the second calendar year of retirement
- Adjustments on May 1<sup>st</sup> dated retirement check

## Purchasing Power Protection Allowance (PPPA)

- Benefit designed to maintain the original purchasing power of CalPERS retirees to a predetermined limit when accumulated COLA has not maintained pace with inflation.
  - 75% State and Schools
  - 80% Public Agencies
- Whether a PPPA adjustment is payable is determined each year after the annual COLA is applied.
- Payable on the May 1st retirement check each year.

# Cost- of- Living Adjustment

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2% COLA State & Schools	
Year of Retirement	Allowance Increase (COLA and PPPA) effective May 1, 2025
1965-1986*	2.95%
1987-2023	2.00%
2024	Not Eligible

2% COLA Contracting Agencies	
Year of Retirement	Allowance Increase (COLA and PPPA) effective May 1, 2025
1965-1989*	2.95%
1990-2023	2.00%
2024	Not eligible

784K retirees of the total 818K receive a contracted 2% COLA benefit (95.8% of population)

\*These retirement years include PPPA adjustments

## Communication & Resources

- PERSpective Article
- Updates to [www.calpers.ca.gov](http://www.calpers.ca.gov)
- Member Self-Service – myCalPERS