

COLA for 2023

Tiers 1-2 5.1%

Tiers 3-4 3%

Tiers 5-6 3%*

***Tiers 5-6 have 2.1% added
to their COLA bank.**

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The US Bureau of Labor Statistics has released the cost of living increase data used by the LA Fire & Police Pension. Here is some background information.

First, by LA City Charter, the COLA is determined by the annual change in the Consumer Price Index (CPI) as published by the U.S. Bureau of Labor Statistics (BLS). Specifically, the change in the CPI for the Los Angeles-Long Beach-Anaheim area for the 12-month period beginning in March through February of the following year. The LAFPP COLA is calculated differently from the COLA calculated by the Social Security Administration (SSA). Both COLAs are based on changes in the CPI determined by the BLS; however, both the period measured, and the population indexes used by SSA are different.

from President Jim Mateer

COLA for 2023

For those of you with a family member in the LA City LACERS system, knowing they use a different time period is crucial. Consequently, their COLA may be different.

The CPI data, which provides the basis for our annual July COLA, is usually released in mid-March each year. Based on that, LAFPP staff prepares a report for the LAFPP Board. The report is tentatively scheduled for Board approval on the April 6, 2023, Board meeting.

The COLA for this year is 5.1%. Members in tiers 1 & 2 will receive 5.1%. Members in tiers 3 & 4 will receive 3%. Tiers 5 & 6 will receive 3% and have 2.1% added to the COLA bank.

As we all know, there are several tiers to our pension system. Here are the different "rules" for the COLA and the caps. Tiers 1 and 2 have an uncapped COLA and are subject to a full COLA increase/decrease. Tiers 3 and 4 have a 3% COLA cap and cannot incur an increase/decrease beyond the cap. Tiers 5 and 6 have a 3% COLA cap and cannot incur an increase/decrease beyond the cap. In addition, they also have a COLA Bank to store any increases in the CPI greater than 3%, which can be applied in future years when the CPI is below 3%.

First-year retirees and DROP participants in Tiers 3-6 receive a COLA, prorated by the number of complete months between their retirement effective date (or DROP entry date) and the following July 1.