



LOUISIANA SCHOOL EMPLOYEES'  
RETIREMENT SYSTEM

# Annual Cost of Living Option

Fact Sheet – 21

Retiring members may elect to receive a self-funded, guaranteed annual 2.5% cost-of-living adjustment (COLA) by taking a lifetime actuarially reduced benefit. The annual COLA would not begin until the anniversary date of his or her retirement after reaching age 55 after being retired for one year. In general, the reduction is estimated to be about 20%. In addition to receiving this annual COLA, retirees will also be entitled to any COLA's granted by the LSERS' Board of Trustees and Legislature. The decision to participate in this plan is voluntary and the election is permanent and **irrevocable**.

If the retiree chooses Option 2, 2A, 3 or 3A as their plan of retirement and names a beneficiary who is not the spouse, at the time of the retiree's death, the non-spousal beneficiary will not be entitled to any future annual COLA increases under this plan. They will, however, be entitled to receive a COLA granted by LSERS' Board of Trustees and Legislature.

The example below is an estimate based on a retiree age 55 with a monthly benefit of \$1,000 (we assume there are no board-approved COLA's granted during these years):

	Regular Retirement Monthly Benefit	COLA Monthly Benefit
Maximum	\$1,000	\$779
1 <sup>st</sup> year anniversary date	\$1,000	\$799
5 <sup>th</sup> year anniversary date	\$1,000	\$882
10 <sup>th</sup> year anniversary date	\$1,000	\$998
15 <sup>th</sup> year anniversary date	\$1,000	\$1,129

As the table above indicates your benefit will be reduced for more than 10 years before finally reaching your regular retirement benefit level.