

LIAISON MEMORANDUM  
NUMBER 11-31

**To:** Agency Liaison and Payroll Officers

**From:** Cindy Rougeou  
Executive Director

**Re:** Self-Funded COLA Not Best Choice for All

**Date:** November 22, 2011

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Since 2009, LASERS retirees have had the option to choose a self-funded cost-of-living adjustment (COLA), in addition to other available retirement options. The self-funded COLA choice reduces the monthly benefit for the retiree's lifetime in order to fund an automatic 2.5 percent COLA every year after the retiree turns 55.

LASERS urges all members contemplating retirement to obtain an estimate of benefits and/or visit with a Customer Service Representative in order to understand exactly how much selection of the self-funded COLA will reduce their monthly benefit. Most benefit reductions are at least 20 percent. Once this selection is made it may not be changed.

The self-funded COLA is different from a COLA which may be generated by the system. All LASERS retirees will be eligible for system generated COLAs, whether or not they have selected the self-funded COLA option.

A system generated COLA must be authorized by the legislature after the system meets certain earnings hurdles and has enough funds in an account to fund the COLA.

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