

CHAPTER 21

COST-OF-LIVING INCREASES

(La. R.S. 11:542)

A Cost-of-Living Adjustment (COLA) is an increase to your monthly retirement benefit, designed to help offset the rising cost of living. COLAs are granted by the Legislature. They are not automatic and not guaranteed, and no COLA is granted unless it can be paid for in full. When one is granted, it is applied to eligible retirees and beneficiaries. No forms are required and no action is needed on your part.

How COLAs Are Funded

Under Act 184 of the 2023 Regular Session, your employer funds COLAs directly. A COLA funding rate — the Account Funding Contribution — is built into the annual employer contribution rate, and that money is deposited into a dedicated COLA account held by the System. Deposits began in fiscal year 2024–2025 at 1.50 percent of payroll and increase by 0.25 percentage points each year until they reach a maximum of 2.50 percent of payroll.

Two things must happen before a COLA can be paid. There must be enough money in the COLA account to cover the full actuarial cost of the increase, and the LASERS Board of Trustees must request the COLA and the Legislature must approve it by a two-thirds vote of both houses. Because both conditions apply every time, a COLA is never guaranteed in any given year.

This method replaced an earlier approach that depended on investment returns and did not reliably produce meaningful increases. Funding COLAs directly is expected to generate enough money to grant a COLA more frequently and consistently.

How Much the Increase Can Be

- A COLA may be up to 2 percent, applied to the first \$60,000 of your annual benefit.
- When sufficient funding is available, the LASERS Board of Trustees may recommend a COLA of up to, but no more than, 2 percent. The Legislature may choose to authorize a COLA above 2 percent, subject to the Governor's approval.
- Deposits into the COLA account are expected every year, but a deposit may be reduced or skipped if it would push the total employer contribution rate above the cap set in law. The account balance is also limited to the cost of paying two COLAs.

Self-Funded COLA

You may also choose to self-fund an annual COLA. This is an irrevocable option elected at retirement that reduces your monthly benefit in exchange for an automatic annual increase, independent of System-granted COLAs. See Chapter 10, Retirement Options and the Self-Funded COLA.

Who Is Eligible

You are eligible if you are a...	Requirement
Regular retiree	At least age 62 and retired at least two years
Disability retiree	Retired at least two years, regardless of age
Beneficiary of a retiree	The retiree, if living, would have met the requirement above
Non-retiree beneficiary	Receiving a benefit at least two years, derived from the service of a member who would have been at least age 62