

This document provides a history of the COLA provision for the West Virginia Municipal Policemen's and Firemen's pension and relief funds.

Documents reviewed:

- Court ruling for case 215 W.VA. 366 Supreme Court of Appeals West Virginia
- WV Code 8-22-26a (as of June 10, 2020)
- MPOB Board Minutes – May 24, 2011

History of COLA Provisions

- Prior to 1991:
 - increase in CPI as calculated by DOL
 - with no limit on increase or benefitⁱ
 - commencing at July 1, immediately following retirementⁱⁱ
- Effective January 1, 1991ⁱⁱⁱ:
 - Commencing July 1 after the expiration of two years from the date of retirements
 - increase by CPI as calculated by DOL for the previous year
 - Maximum 4% increase
 - Only applies to first \$15,000 of the annual benefit
 - If the total accumulated amount of the COLA (with the 4% cap) becomes less than 75% of the total accumulated amount (without the 4% cap), the 4% cap does not apply until the accumulated benefit is 75% of the accumulated benefit without the cap
 - Death benefit is determined at the base year (i.e. year of retirement) and re-indexed to date of death (meaning the \$15,000 limit applies to the death benefit in the base year)
 - Applies to disabilities on or after January 1, 1991
 - Disabilities prior to January 1, 1991 are limited to 2% until 2 years after they would have been eligible to retire and then limited to 4% per year
 - Actuarial soundness effective for fiscal years ending on or after June 30, 1996

History of CPI

- May 24, 2011: decided to use calendar year for purposes of determining CPI increase for COLA
- Assume GRS has been using the increase in the average CPI since 2011
- Prior to 2011 COLA period may have been over plan year instead of calendar year.
- Prior to 2011 each municipality may have been using different measures of CPI

ⁱ Per footnote 9 of Court ruling 215 W.VA. 366 Supreme Court of Appeals West Virginia

ⁱⁱ Per 8-22-26a (current)

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