

**Interim Study for Committee Substitute for Senate Bill No. 172**

Committee Substitute for Senate Bill No. 172 would allow the Boards of Trustees of the State's retirement systems to grant 2% cost of living adjustments provided that:

- (1) the system is 100% funded
- (2) the COLA does not drop the funded ratio below 100%
- (3) subsequent COLA's may be approved if the funded ratio increases by 5% from the previous COLA granted

**Impact:**

Currently the Oklahoma Public Employee Retirement System and Uniform Retirement System for Justices and Judges are 100% funded. Both systems' funded ratio would exceed 100% after a 2% COLA.

The funded ratio for:

OTRS is 79.95%

Fire is 72.97%

Police is 97.62%

OLERS is 82.42%

If the bill becomes effective and the systems begin granting COLAs on a regular basis, each system's actuary would increase the Unfunded Actuarial Accrued Liability to prefund the future COLA which would drop the funded ratio below 100%.