Cost of Living Adjustment (COLA) Calculation

FOR RETIREES

If your city provides a cost-of-living adjustment (COLA), you must be retired for one year to receive it. For example, you must have retired in 2021 or earlier to receive a COLA in 2023.

Here's how TMRS calculates your first COLA and subsequent COLAs.

First Time COLA Example

Original Monthly Benefit: $1,000

Current Monthly Benefit: $1,000

A: Inflation rate since retirement: 7%

B: Your city's COLA percentage: 70%

C: 7% x 70% = 4.9%

D: 4.9% x $1,000 = $49

E: $1,000 + $49 = $1,049

First Time COLA. TMRS uses the inflation rate as measured by the Consumer Price Index to determine the cumulative rate of inflation since you retired. Then, that inflation rate [A] is multiplied by [B] your city's selected COLA percentage (30%, 50%, or 70%). That result [C] is multiplied by your original monthly benefit ($1,000 in this example) to determine your COLA [D]. The COLA is added to your current monthly benefit to determine your new monthly benefit of $1,049 [E].

Subsequent COLA Example

Original Monthly Benefit: $1,000

Current Monthly Benefit: $1,077

A: Rate of inflation since retirement: 18.7%

B: Your city's COLA percentage: 70%

C: 18.7% x 70% = 13%

D: 13% x $1,000 = $130

E: $130 - $77 = $53

F: $1,077 + $53 = $1,130

Subsequent COLAs. If you have previously received a COLA, your subsequent COLA calculations will factor in any previous COLAs you received. The first four steps of the calculation (A, B, C, D) are the same as the example above, but another step [E] is added to adjust for any previous COLAs you received. Then, the $130 [D] is reduced by any previously granted COLAs (in this example $77) which equals $53 [E]. The $53 is the new COLA amount and is added to the current monthly benefit of $1,077 to arrive at the new monthly benefit of $1,130 [F].

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