

COLA CONSIDERATIONS

The Data and Discipline Behind Determinations



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Introduction



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First-Year Accomplishments



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- North Carolina Investment Authority
- State Health Plan Solvency
- Begin AI implementation
- Financial Literacy

Finance Fridays/National Award/Partnership
with the Department of Health and Human
Services on Senior Section

Biggest Question From Our Retired State Employees



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When am I going to get a
permanent Cost of Living
Adjustment (COLA) increase?

Three Priorities



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1. Keep the pension well funded
2. Contribute what the actuary says is needed; and
3. Consider a COLA only within the guardrails of statute and the funding policy

Who decides?



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TSERS – provided by the General Assembly

That body will consider if there have been investment gains to pay for it — or if there is additional money being paid into the system by employers.

LGERS – can be provided by LGERS board of trustees

But similarly – the consideration is if there are investment gains or if there is new money being paid in by employers.



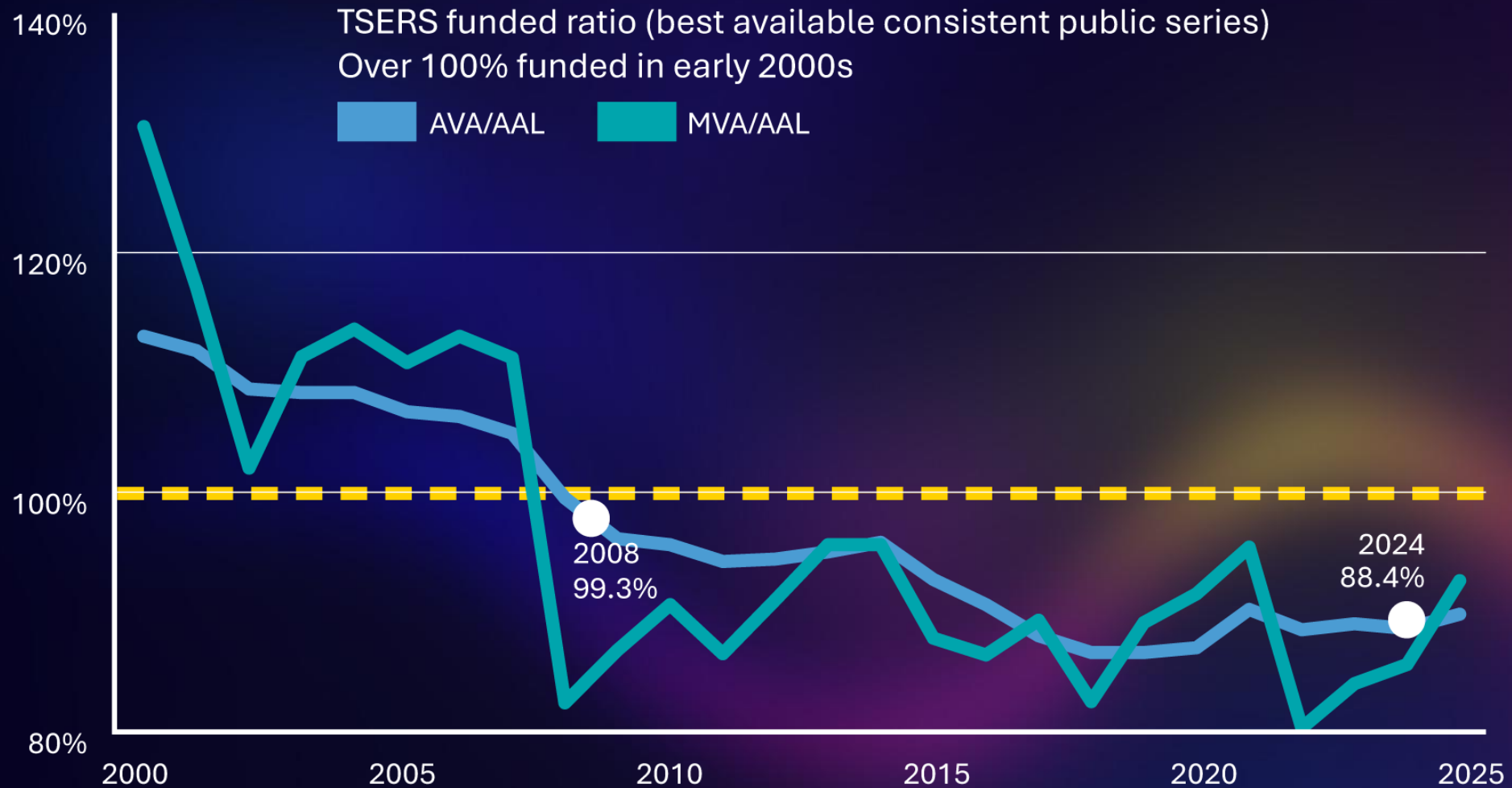
**Social Security – Federal Government
(Not Guaranteed)**

**State Pension – State Government
(Is Guaranteed)**

Keep the pension well-funded



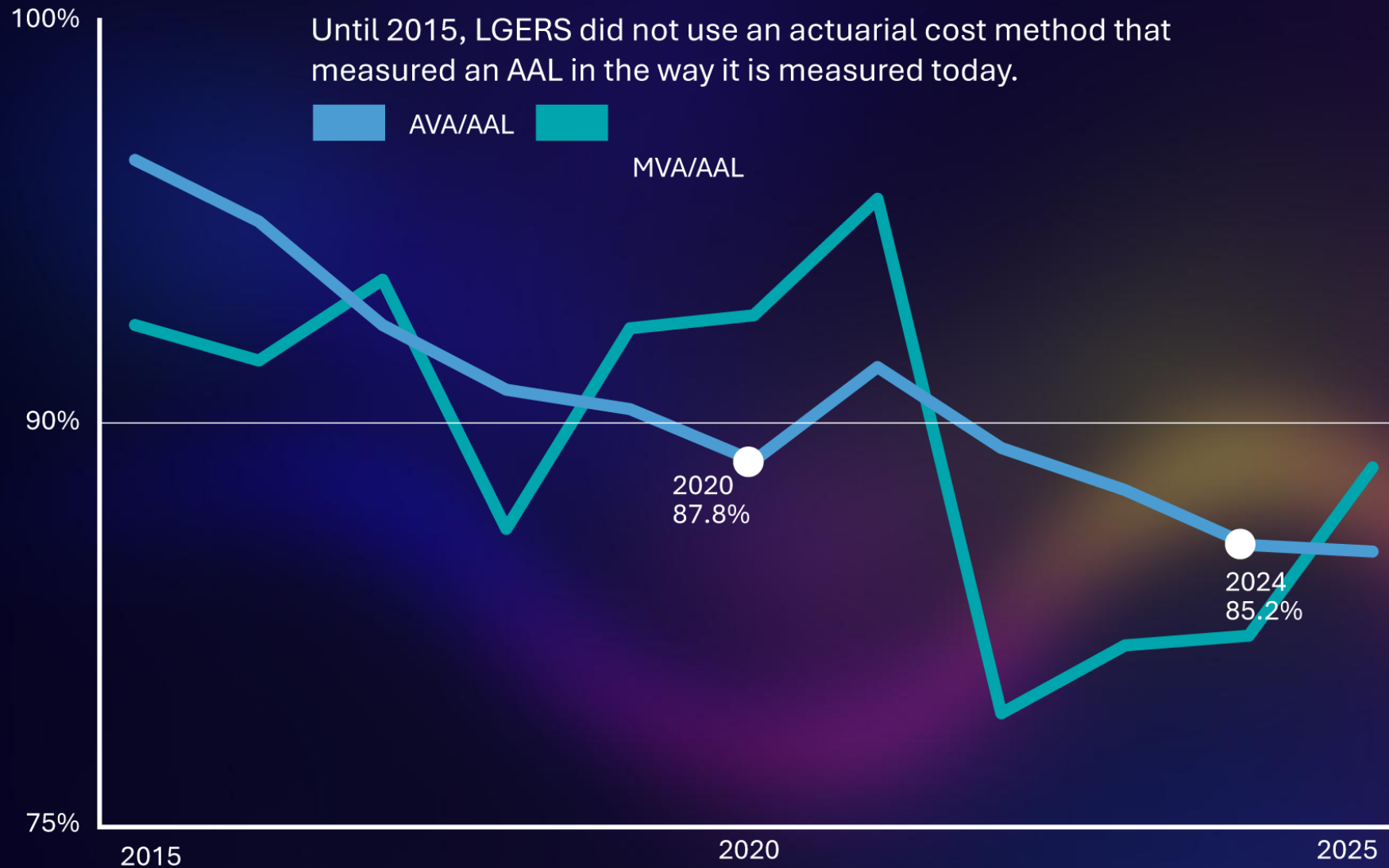
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Keeping the LGRS pension well-funded



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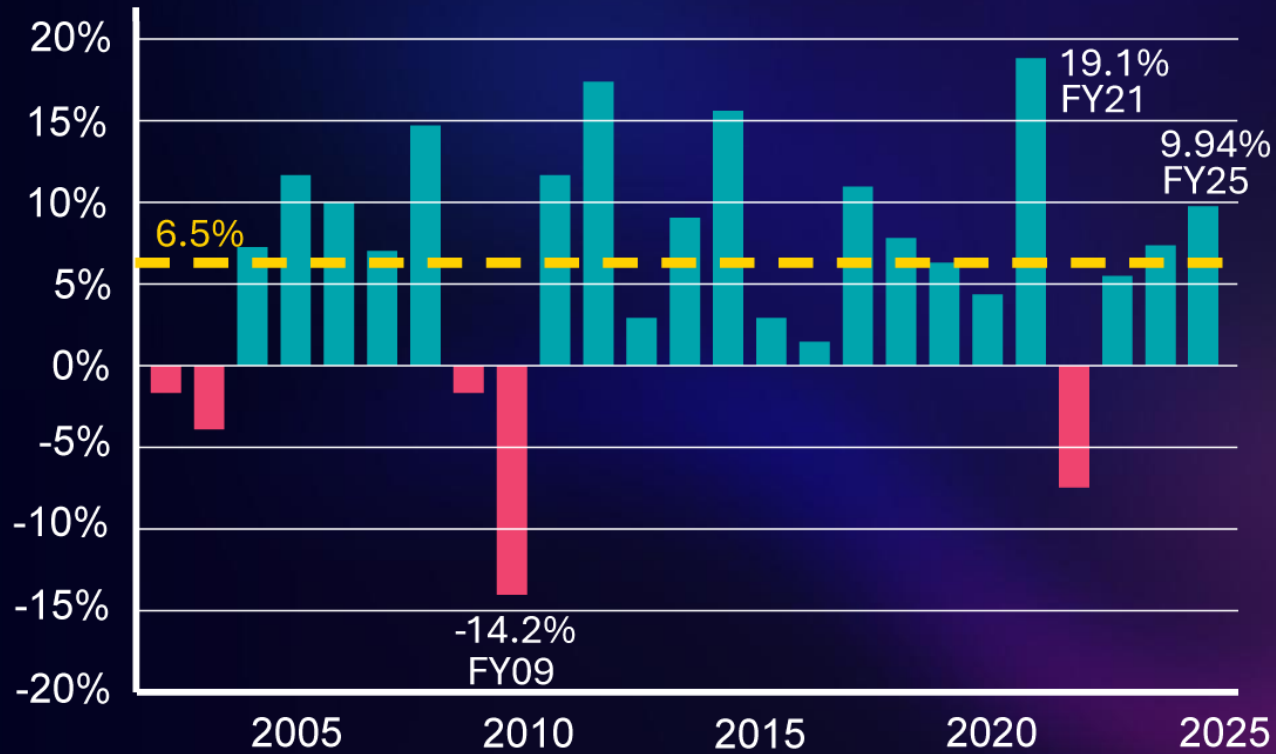


Keep the pension well-funded

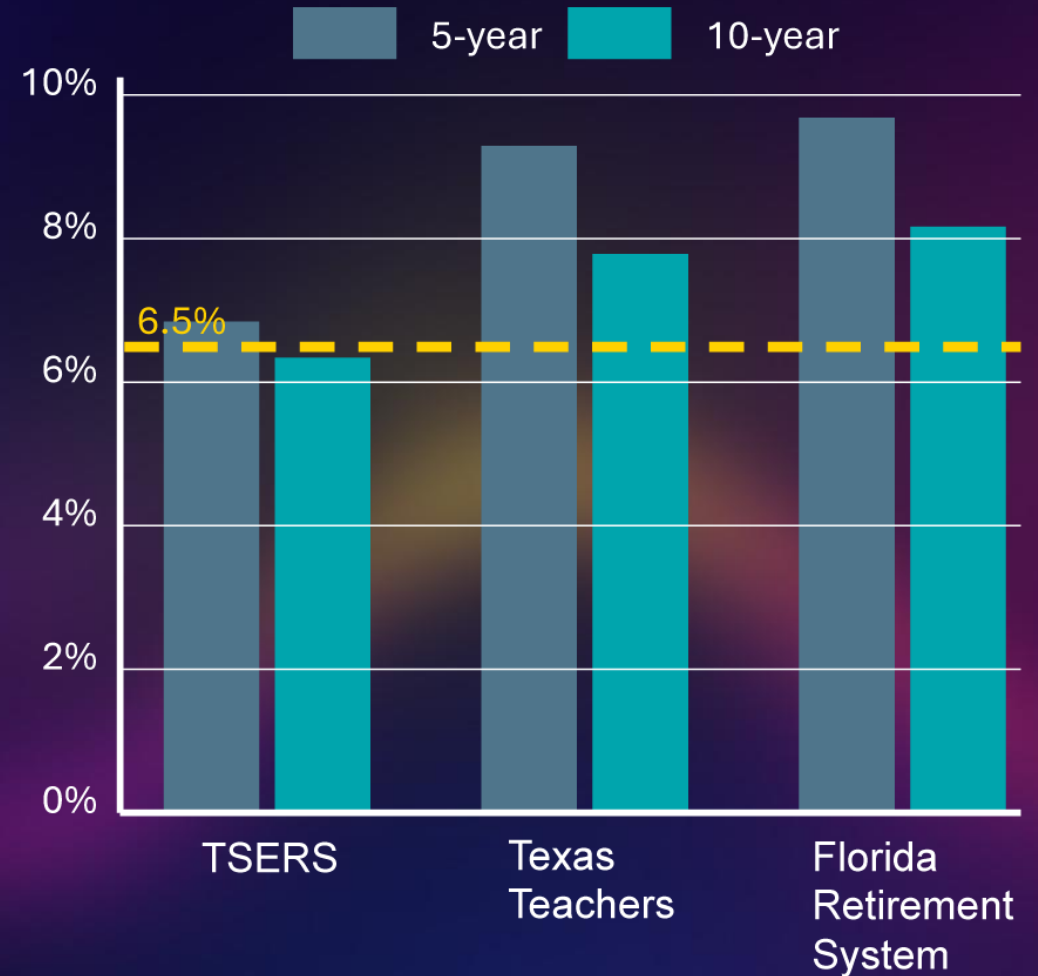


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TSERS Annual 1-Year Return



Annualized Return Snapshot as of 6/30/2025

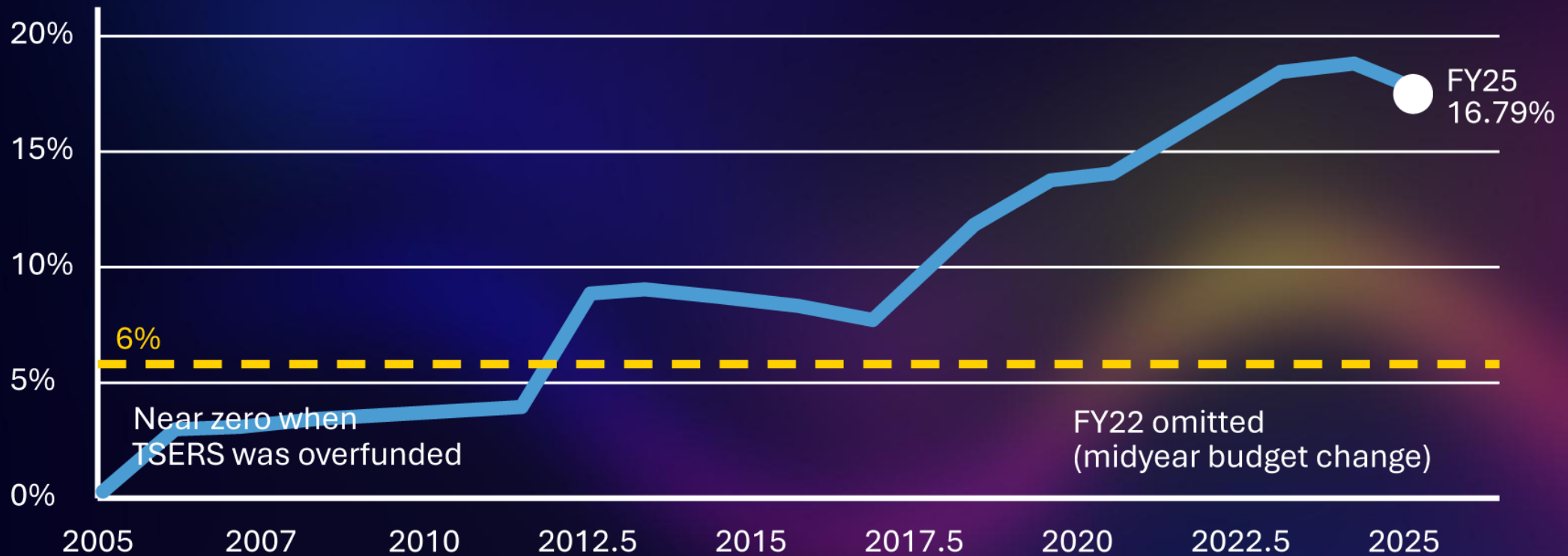


Contribute What Actuary Says



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TSERS employer retirement contribution rate



COLA Guardrails for TSERS



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1. Annual valuation

A yearly checkup showing plan funding and the employer contribution needed.

2. Statutory & policy test

A COLA can't exceed inflation or 4% and can't increase total employer costs.

3. Board recommendation

The Board may recommend a COLA or one-time payment but cannot approve one.

4. Legislative action and funding

Only the General Assembly can approve a COLA, and its cost is added to the funding plan.

Current example

The 2024 valuation showed an investment loss, so no gains were available to support a 2026 COLA or one-time payment.

COLA Question



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6.5% equals
living paycheck
to paycheck



How much does this cost?



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A 2% COLA costs about \$1.2 billion and takes over a decade to pay off.



COLA Question



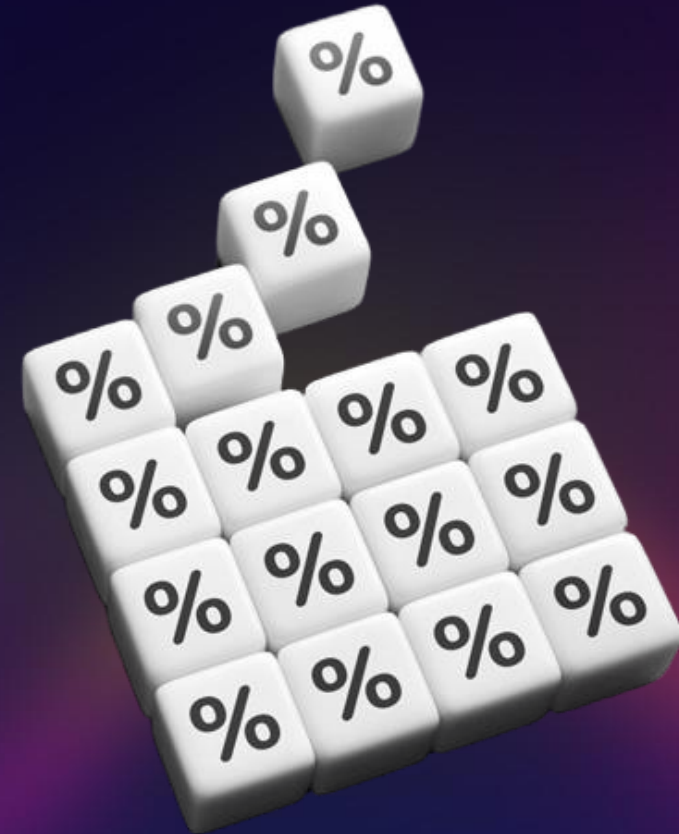
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Anything promised
today will add to
pension payments
for **125 years.**





What percentage
is needed to start
a COLA increase?





$\geq 16\%$ increase in 2026
Current holdings \$141 Billion



Who to Contact?

N.C. Treasurer website: www.nctreasurer.gov | (919) 814-4000

Retirees' website: www.myncretirement.gov | (919) 814-4590

N.C. State Health Plan: www.shpnc.gov | (855) 859-0966

Unclaimed Property: www.nccash.gov | (866) 622-2741

N.C. Able Program: www.ncable.nc.gov | (888) 627-7503



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Questions?



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