

RPEI to testify on feasibility of higher COLAs to legislative committee on Tuesday

The Senate Human Commerce and Resources Committee will hear a presentation from the Retired Public Employees of Idaho on the feasibility of increasing cost-of-living allowances and avoiding future employee-employer rate increases on Tuesday Feb. 17, at 1:30 p.m.

The committee meeting will be live streamed at <https://www.idahoptv.org/shows/idahoinsession/ww54/>

Chairman Daniel Foreman, R-Moscow, has allocated 15 minutes for the retiree advocacy organization to present its economic analysis that modestly increasing the assumed rate of return on investment of the \$26 billion pension fund above the PERSI board's 6.5 percent can achieve both full annual COLA increases and head off rate increases for two and three years from now.

A month ago the PERSI Board notified the Idaho Legislature of the mandatory 1 percent COLA for all 57,000 retirees and its recommendation for another 1.7 percent for those retired before 2022.

“RPEI considers the recommendation a small step toward recognizing that a 15 percent loss of purchasing power is not fulfilling PERSI's decades of commitment to keep pace with inflation,” Lance Nickerson, an RPEI Board Member, said. “Since 2020, the board's annual pension adjustments have only once markedly exceeded the legally mandated 1 percent.”

RPEI has continued to encourage the board to reassess its investment for the fund, whose rate of return for actuarial calculations is below 107 of the 131 public employee retirement systems in the National Association of State Retirement Administrators' 2025 national survey.

The average rate of return assumption for all public pension funds was 6.9 percent, and half were at 7 percent or higher.

The rate of return is critical in determining the affordable level of annual COLAs and also for setting employer and employee contribution rates. RPEI economists estimate that a 7 percent rate of return assumption calculates to more than \$130 million in additional annual investment revenue. That would allow a pension adjustment of up to an additional 10 percent, those economists said.

Over the past 33 years and 7 months, PERSI investments have earned an average 8.4 percent per year, a period that includes significant losses during three major market downturns (2001-2002, 2008-2009 and 2022).

In addition to working closely with the Idaho Legislature and the PERSI board, RPEI plans to focus on:

- Supporting legislative action for the appointment of a retiree member on the PERSI Board to ensure that retiree interests are represented;

- Encouraging transparency and public input, including regular town halls between PERSI, public employees, and retirees.

There are more than 190,000 PERSI members with more than 57,000 currently receiving pension benefits.

“Add your voice to improve PERSI benefits. [Join RPEI today.](#)”