

# Understanding Your BackDROP Benefit Estimate



The BackDROP lump-sum calculation is based on 90% of what you would have received in retirement benefits, had you been retired during your BackDROP period, including actual cost-of-living adjustments (COLAs) paid to retirees each year during your BackDROP period. The annual COLA is based on actual inflation and, as a result, the annual increase provided to retirees is different each year. The annual COLA is calculated each January and adjusted annually in MOSERS benefit estimates.

BackDROP benefit estimates beyond the current year include estimated COLAs since future annual COLA amounts are unknown. The benefit estimates are designed to use the current year COLA to estimate all future COLAs. This is the most recent and accurate data we have available. Your retirement benefit, including any BackDROP payment, will be based on actual data.

Here are things to consider when reviewing your BackDROP benefit estimate:

- For the reasons above, it is an estimate and not a guarantee of benefits.
- The annual COLA rate for your BackDROP years is one of multiple variables that make up your estimated benefit payment.
- The closer you get to your retirement age, the more accurate your benefit estimate should become. However, significant fluctuations in the annual COLA rate (up or down) could impact the amount shown on the estimates. A high COLA may overstate benefits while a low COLA may understate benefits.
- If you are within a few years of retirement, we encourage you to review your estimates annually and reach out to a benefit counselor if you have questions.
- When you retire, your final benefit payment is not calculated until you submit your retirement application and MOSERS has your final pay and leave data.

