



Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

January 12, 2022

Ms. Ronda Stegmann
Executive Director
Missouri State Employees' Retirement System
907 Wildwood Drive
Jefferson City, MO 65109

Re: Retiree Cost of Living Adjustment for 2022

Dear Ronda:

Pursuant to our contract with the Missouri State Employees' Retirement System, this letter documents the calculation of the retiree Cost of Living Adjustment (COLA) to be granted in 2022.

In accordance with Sections 104.415.5 & 104.1045.2 of the Missouri Revised Statutes, the annual COLA increase is determined each January based on the percentage increase in the average consumer price index from the previous year, but not less than 0%. The following computations for the COLA to be granted in 2022 are based on information received from the U.S. Department of Labor.

Consumer Price Index for All Urban Consumers (CPI-U)

Month	<u>2020</u>	<u>2021</u>
January	257.971	261.582
February	258.678	263.014
March	258.115	264.877
April	256.389	267.054
May	256.394	269.195
June	257.797	271.696
July	259.101	273.003
August	259.918	273.567
September	260.280	274.310
October	260.388	276.589
November	260.229	277.948
December	<u>260.474</u>	<u>278.802</u>
Average	258.811	270.970

Increase $(270.970 - 258.811) / 258.811 = 4.698\% \times 80\% = 3.758\%$



Ms. Ronda Stegmann
January 12, 2022
Page 2

The minimum COLA adjustment is 4% under the original COLA plan. The COLA rate of 3.758% will be effective for those members who have reached their original 65% cap under MSEP, or who were first hired on or after August 28th, 1997, and for all members retired under MSEP 2000/2011. Please review these calculations carefully and verify the results before using them to determine individual member benefit amounts.

We, Patrice A. Beckham, F.S.A., and Bryan K. Hoge, F.S.A., are consulting actuaries with Cavanaugh Macdonald Consulting, LLC. We are also members of the American Academy of Actuaries and Fellows of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. We are available to answer any questions on the material contained in this study or to provide explanations or further details upon request.

If you have questions or need additional analysis, please let us know.

Sincerely,

A handwritten signature in blue ink that reads 'Patrice Beckham' in a cursive script.

Patrice A. Beckham, FSA, FCA, EA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads 'Bryan K. Hoge' in a cursive script.

Bryan K. Hoge, FSA, FCA, EA, MAAA
Consulting Actuary