

TO: Chairman Abney and Members of the House Finance Committee

Support for H8193 and H8194 – Restoration of Cost-of-Living Adjustment (COLA)

I strongly support **H8193**, which provides a 3% COLA in July 2024, followed by a compounded annual COLA in keeping with the U.S. Consumer Price Index. I will support H8194 if its effective date is changed to July 2024, because retirees shouldn't have to wait yet another year for relief.

I retired in 2008 after 39 years at the state department of education. As mandated by law, during my employment 8.75% was deducted from every paycheck and deposited into the pension fund, and that deduction included the cost of an annual 3% compounded COLA.

In 2011 the Rhode Island Retirement Security Act (RIRSA) took away my retirement security, when the law was applied retroactively to those who were already retired. Pre-RIRSA retirees have been living on the same frozen income for 13 years – the same length of time it takes a child to move from pre-K through high school graduation. Since 2011, we've lost over 1/3 of our pension benefits to 38% inflation (U.S. Bureau of Labor Statistics inflation calculator), and prices keep rising.

The harm this has caused us can no longer be denied and was noted in the report of the Pension Advisory Working Group. RIRSA unfairly requires today's retirees to continue without retirement security in order to give that benefit to future retirees ten years from now, after most of us are gone.

Elderly citizens in their 70's, 80's, and 90's are considered one of society's most vulnerable groups. We need our annual COLA returned for whatever years we have left. We're not asking for charity. We're asking for OUR money that we put into OUR pension fund for OUR retirement security.

With \$11.5 billion in the pension fund, the fund's stability would only be threatened if every public employee retired on the same day, an unlikely scenario. As stated in the April 2014 report of the American Academy of Actuaries, *The 80% Pension Funding Myth*, as well as in the testimony of Tom Sgouros of Brown University at the December 14, 2023 Pension Advisory Group meeting: *80% funding is only one factor in assessing the health of a pension fund*. The financial health of elderly retirees – the human factor – must also be considered. If this State is serious about a return to 80% funding, then restore RIGL 35-6-1(d) to its original purpose: to deposit all surplus state revenue into the pension fund. Moving the fund out of high-fee investments would also help. After RIRSA, 25% of the fund was moved to "alternative investments" (e.g. hedge funds), and annual fees rose from \$11 million in 2011 to \$188 million by 2023. (GoLocalProv, 31 March 2023, Ted Siedle).

The pension fund exists for the financial security of retirees, not the other way around. It's unreasonable to expect almost 80 years of acknowledged underfunding to be corrected in one-fourth that time by a group of senior citizens who by now have already contributed more than their fair share of sacrifice toward pension fund "recovery".

I strongly urge you to vote to pass **H8193**, to return our annual COLA this year.
Thank you for your consideration.

Respectfully submitted,
Santa Privitera, Cumberland, RI