Municipal Pension Plan

Cost-of-living adjustments

Who this document is for:

- *Union representatives*
- *Human resources*
- *Active plan members*
- *Retired plan members*
- *Anyone who wants to learn more about COLAs*

The Municipal Pension Board of Trustees may provide cost-of-living adjustments (COLAs) to the pensions of members or their beneficiaries. COLAs help protect the purchasing power of pensions. Learn how COLAs work today!

Defining COLA

A COLA is an inflation adjustment to a plan member's monthly pension payment. It is also applied to the bridge benefit and the temporary annuity portions of a pension while in payment. Any COLA granted is applied in January.

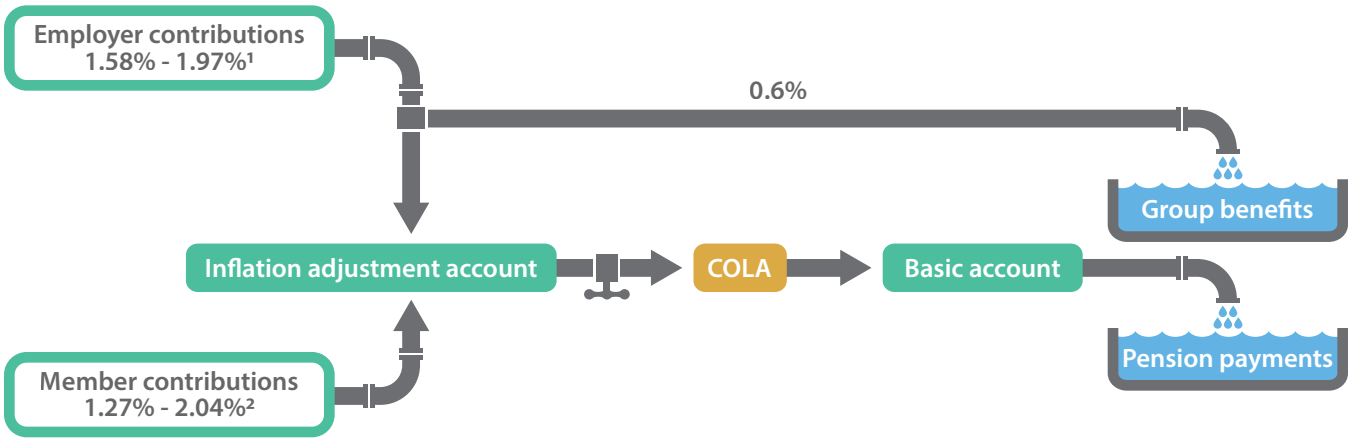
COLAs are not guaranteed. However, once a COLA is granted, it will be added to each component of the pension for as long as a plan member or beneficiary is to receive them.

Where funding for COLAs comes from

Funds for COLAs come from the plan's inflation adjustment account. This account holds a portion of member and employer contributions, and earns investment income. The inflation adjustment account funds COLAs that may be granted to help offset the effects of inflation.

Keeping COLAs sustainable

A COLA cap helps ensure fairness across generations and supports the plan's ability to make inflation adjustments over the long term. Plan demographics, funding limits and investment performance all impact COLA funding.

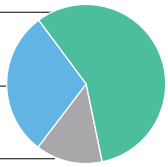


1 Percentage based on member group: group 1: 1.97%; group 2: 1.58%; group 5: 1.88%
2 Percentage based on member group: group 1: 1.27%; group 2: 1.78%; group 5: 2.04%

FAST FACTS

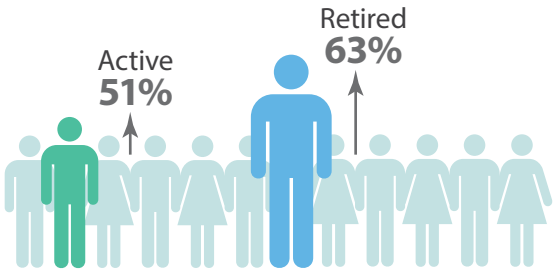
Membership profile (total: 494,489)
as at December 31, 2025

Active	285,581	58%
Retired	137,876	28%
Inactive[1]	71,032	14%

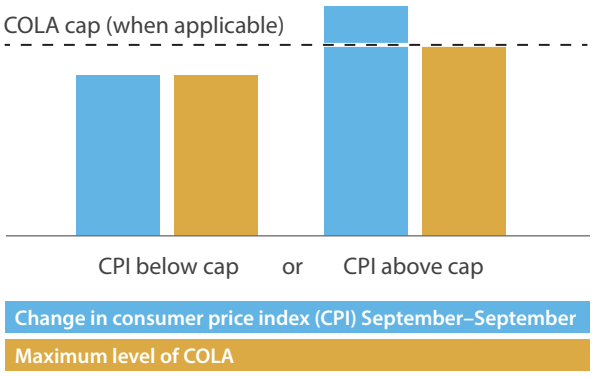


1 Members no longer employed by a plan employer but with money in the plan.

Membership growth rates
increase over 2015 to 2025

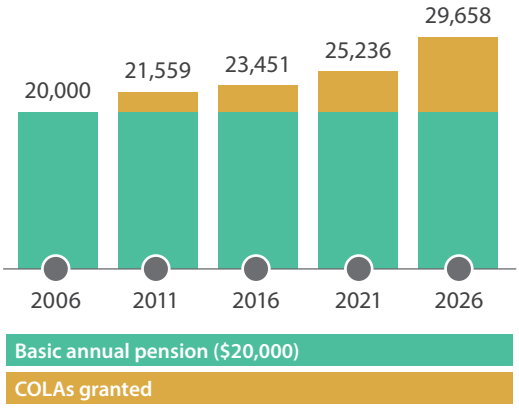


Examples of possible cost-of-living adjustments[2]



2 The Municipal Pension Board of Trustees retains discretion to provide a COLA and the amount of that COLA up to the increase in the Canadian consumer price index (CPI) or the cap, whichever is lower.

Basic pensions plus cost-of-living adjustments[3]



3 This is an illustration of the value of COLAs historically.

The Municipal Pension Board of Trustees is appointed by plan employers, unions and associations from across British Columbia.

Who decides the amount of a COLA

COLAs are granted at the discretion of the board. The plan's rules and funding policy give the board the authority to provide a COLA within three limits:

- The annual change in the consumer price index (CPI) in September.
- Availability of funds in the inflation adjustment account to continue paying the COLAs provided over the lifetime pension.
- A COLA cap when it applies.

The board retains the authority to choose the amount of COLA granted, up to the level of the cap (when applicable).

For example, if the increase in the CPI is less than the cap, a COLA of up to the increase in the CPI may be granted. If the increase in the CPI is greater than the cap (when applicable), any COLA granted cannot exceed the cap.

There is no explicit provision in place for handling the impact of negative CPI on COLA. Deflationary years are dealt with by the trustees on a case-by-case basis.

Where to find more information about COLAs

Learn more about COLAs and other plan features by registering for a free pension workshop on the website: **mpp.pensionsbc.ca**

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Reg. T.M. Municipal Pension Board of Trustees

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