



MEMORANDUM

Date: February 10, 2016

To: CCCERA Board of Retirement

From: Wrally Dutkiewicz, Compliance Officer

Subject: Consider and Take Possible Action to Adopt A Cost-of-Living Increase for Retirees as of April 1, 2016.

In accordance with Government Code §§31870, 31870.1 and 31870.3, the Board must determine the annual cost-of-living adjustments (COLAs) to be effective April 1, 2016.

Determination of COLA

Based on the statutes noted above, the increase or decrease of the retiree allowances must “approximate to the nearest one-half of 1 percent, the percentage of annual increase or decrease in the cost of living as of January 1st of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated.” The only difference in the three COLA statutes that apply to CCCERA members is that the annual maximum adjustment is either 2%, 3%, or 4% depending on which section is applicable.

The consumer price index values used by CCCERA are the December values from the San Francisco-Oakland-San Jose, California table. The increase in the index from December 2014 to December 2015 was 3.18%. In accordance with the statute this is rounded to 3.0%.

When this value is greater than the annual allowable maximum increase, the excess above the allowance increase is accumulated or “banked”. When the value is less than the annual allowable maximum increase, retirees with sufficient bank will receive the maximum allowable increase and have their banks reduces accordingly.

The attached Segal letter shows the determination of the consumer price index increase and the annual adjustment retirees will receive depending on Tier and bank. The letter also shows the adjustments to the banks.

Recommendation

Consider and take possible action to adopt a cost-of-living increase for retirees as of April 1, 2016.



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January 29, 2016

Ms. Gail Strohl
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Cost-of-Living Adjustments (COLA) as of April 1, 2016**

Dear Gail:

We have determined the cost-of-living adjustments for the Association in accordance with Sections 31870.1, 31870.3 and 31870, as provided in the enclosed exhibits.

The cost-of-living factor to be used by the Association on April 1, 2016 is determined by comparing the December CPI for the San Francisco-Oakland-San Jose Area (with 1982-84 as the base period) in each of the past two years. The ratio of the past two December indices, 260.289 in 2015 and 252.273 in 2014, is 1.0318. The County Law sections cited above indicate that the resulting percentage change of 3.18% should be rounded to the nearest one-half percent, which is 3.0%.

Please note the above cost-of-living adjustments calculated using established procedures for CCCERA may result in adjustments different from those calculated using alternative procedures by other systems.

The actual cost-of-living adjustment is dependent on tier. The CPI adjustment to be applied on April 1, 2016 is provided in Column (4) of the enclosed exhibits. The COLA bank on April 1, 2016 is provided in Column (5).

Pease give us a call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "John Monroe".

John Monroe

TJH/bqb
Enclosures

5412257v3/05337.001

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2016

| | (1) | (2) | (3) | (4) | (5) |
|--|--|----------------|------------------|----------------|--|
| Retirement Date | April 1, 2015 Accumulated Carry-over | CPI Change* | CPI Rounded** | CPI Used*** | April 1, 2016 Accumulated Carry-over**** |
| Tier 1, Tier 3 (service retirement only), Tier 4 (3% COLA), Tier 5 (3%/4% COLA and service retirement only), Safety Tier A and Safety Tier D | | | | | |
| Section 31870.1 | | | | | |
| Maximum Annual COLA | 3.0% | | | | |
| On or Before 3/31/1982 | 9.000% | 3.18% | 3.0% | 3.0% | 9.000% |
| 04/01/1982 to 03/31/1983 | 2.527% | 3.18% | 3.0% | 3.0% | 2.527% |
| 04/01/1983 to 03/31/2015 | 0.000% | 3.18% | 3.0% | 3.0% | 0.000% |
| 04/01/2015 to 03/31/2016 | | 3.18% | 3.0% | 3.0% | 0.000% |

- * Based on ratio of December 2015 CPI to December 2014 CPI for the San Francisco - Oakland - San Jose Area.
- ** Based on CPI change rounded to nearest one-half percent.
- *** These are the cost-of-living adjustment factors to be applied on April 1, 2016.
- **** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2016.

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2016

| Retirement Date | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|---|--|----------------|------------------|----------------|----------------|----------------|--|
| Retirement Date | April 1, 2015 Accumulated Carry-over | CPI Change* | CPI Rounded** | CPI Used*** | CPI Used*** | CPI Used*** | April 1, 2016 Accumulated Carry-over**** |
| Tier 2, Tier 3 (disability retirement only) and Tier 5 (3%/4% COLA and disability retirement only) Section 31870.3 | | | | | | | |
| Maximum Annual COLA | 4.0% | | | | | | |
| 04/01/1984 to 03/31/2015 | 0.0% | 3.18% | 3.0% | 3.0% | 3.0% | 3.0% | 0.0% |
| 04/01/2015 to 03/31/2016 | | 3.18% | 3.0% | 3.0% | 3.0% | 3.0% | 0.0% |

- * Based on ratio of December 2015 CPI to December 2014 CPI for the San Francisco - Oakland - San Jose Area.
- ** Based on CPI change rounded to nearest one-half percent.
- *** These are the cost-of-living adjustment factors to be applied on April 1, 2016.
- **** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2016.

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2016

| | | | (1) | (2) | (3) | (4) | (5) |
|--|----|------------|--|----------------|------------------|----------------|--|
| Retirement Date | | | April 1, 2015 Accumulated Carry-over | CPI Change* | CPI Rounded** | CPI Used*** | April 1, 2016 Accumulated Carry-over**** |
| <hr/> | | | | | | | |
| Tier 4 (2% COLA), Tier 5 (2% COLA), Safety Tier C and Safety Tier E Section 31870 | | | | | | | |
| <u>Maximum Annual COLA</u> | | | <u>2.0%</u> | | | | |
| 04/01/2007 | to | 03/31/2012 | 2.0% | 3.18% | 3.0% | 2.0% | 3.0% |
| 04/01/2012 | to | 03/31/2014 | 1.0% | 3.18% | 3.0% | 2.0% | 2.0% |
| 04/01/2014 | to | 03/31/2015 | 0.5% | 3.18% | 3.0% | 2.0% | 1.5% |
| 04/01/2015 | to | 03/31/2016 | | 3.18% | 3.0% | 2.0% | 1.0% |

* Based on ratio of December 2015 CPI to December 2014 CPI for the San Francisco - Oakland - San Jose Area.

** Based on CPI change rounded to nearest one-half percent.

*** These are the cost-of-living adjustment factors to be applied on April 1, 2016.

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