



Meeting Date
1/24/18
Agenda Item
#5

MEMORANDUM

Date: January 24, 2018
To: CCCERA Board of Retirement
From: Christina Dunn, Deputy Chief Executive Officer
Subject: Consider and Take Possible Action to Adopt a Cost-of-Living Increase for Retirees as of April 1, 2018.

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, 2018.

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 2016 to December 2017 was 2.94%. In accordance with the statute described above, this is rounded to 3%. The actual cost-of-living adjustment is dependent on the tier of the retiree.

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, 2018.



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January 16, 2018

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, 2018**

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, 2018 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, 277.414 in 2017 and 269.483 in 2016, is 1.0294. The County Law sections cited above indicate that the resulting percentage change of 2.94% 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, 2018 is provided in Column (4) of the enclosed exhibits. The COLA bank on April 1, 2018 is provided in Column (5).

Please give us a call if you have any questions.

Sincerely,

John Monroe

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Enclosures

5522338v3/05337.013

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2018

(1)	(2)	(3)	(4)	(5)	
Retirement Date	April 1, 2017 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2018 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					
<u>Maximum Annual COLA</u> 3.0%					
On or Before 3/31/1982	9.500%	2.94%	3.0%	3.0%	9.500%
04/01/1982 to 03/31/1983	3.027%	2.94%	3.0%	3.0%	3.027%
04/01/1983 to 03/31/2017	0.500%	2.94%	3.0%	3.0%	0.500%
04/01/2017 to 03/31/2018		2.94%	3.0%	3.0%	0.000%

* Based on ratio of December 2017 CPI to December 2016 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, 2018.
 **** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2018.

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2018

			(1)	(2)	(3)	(4)	(5)
Retirement Date			April 1, 2017 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used****	April 1, 2018 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	03/31/2017	0.0%	2.94%	3.0%	3.0%	0.0%
04/01/2017	to	03/31/2018		2.94%	3.0%	3.0%	0.0%

- * Based on ratio of December 2017 CPI to December 2016 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, 2018.
- **** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2018.

Contra Costa County Employees' Retirement Association
 Cost-Of-Living Adjustment
 As of April 1, 2018

			(1)	(2)	(3)	(4)	(5)
Retirement Date			April 1, 2017 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2018 Accumulated Carry-over****
Tier 4 (2% COLA), Tier 5 (2% COLA), Safety Tier C and Safety Tier E Section 31870							
Maximum Annual COLA			2.0%				
04/01/2007	to	03/31/2012	4.5%	2.94%	3.0%	2.0%	5.5%
04/01/2012	to	03/31/2014	3.5%	2.94%	3.0%	2.0%	4.5%
04/01/2014	to	03/31/2015	3.0%	2.94%	3.0%	2.0%	4.0%
04/01/2015	to	03/31/2016	2.5%	2.94%	3.0%	2.0%	3.5%
04/01/2016	to	03/31/2017	1.5%	2.94%	3.0%	2.0%	2.5%
04/01/2017	to	03/31/2018		2.94%	3.0%	2.0%	1.0%

* Based on ratio of December 2017 CPI to December 2016 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, 2018.

**** These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2018.