



New Roads Spring 2010

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Good News for Retirees

COLAs Make a Comeback for 2010

Retirees will be happy to hear that the Retirement Board voted to adopt our actuary's recommended Cost of Living Adjustments (COLA) for 2010.

The COLA is a **Cost Of Living Adjustment** used by CCCERA to help maintain the value of pension payments in relation to economic conditions. If the annual cost of living goes up, retirees see an increase in the COLA portion of their retirement benefit. However, if the cost of living goes down, the COLA portion of the benefit can decrease to reflect lower marketplace conditions.



If you are a Tier 1, 3, or Safety service retiree, who retired **between April 1, 1988 and March 31, 2010**, you will **receive a COLA increase** to your benefit. (Your COLA "bank" does not hold any "carry-over" amounts from past years.) **2.5% Increase**

If you are a Tier 1, 3, or Safety service retiree, who retired **prior to April 1, 1988**, you will **receive a COLA increase**, since your COLA bank still contains some unused increases from previous years. **3% Increase**

If you are a Tier 2 service retiree, Tier 2 or Tier 3 disability retiree, you will **receive a COLA increase** to your benefit. (Your COLA bank is empty, meaning there are no unused "carry-over" amounts to apply to the cost of living.) **2.5% Increase**

How is the Cost of Living Adjustment Determined?

The cost of living adjustment used by CCCERA is determined by comparing the December CPI (Consumer Price Index) for the San Francisco-Oakland-San Jose Area, for the past two years. Actuaries compute the resulting percentage change and recommend an annual adjustment figure. The actual cost of living adjustment is dependent on your previous employment tier and your retirement date. The 1937 Act "caps" the maximum percentage CCCERA can increase the COLA portion of your benefit in any one year. If the inflation rate (measured by the CPI) is higher than this statutory limit, the unused portion is "banked" for future years, and applied if the CPI is lower than the annual maximum. This helps stabilize the COLA figure from year to year.

Remember, while annual COLAs can increase or decrease, your pension will never go below the basic benefit allowance you were entitled to when you retired.

Please turn the page. . .

An Example:

Calculate your Cost of Living Adjustment (COLA) for 2010

Start with your figures from 2009:

Monthly Basic Allowance = \$1,000
New Dollar Power = \$ +80
\$1,080

The cost of living adjustment is separate from other benefit enhancements. While some enhancements, such as "New Dollar Power," for members retired prior to 4/1/1982, affect specific groups, all retirees are eligible for the COLA.

For most retirees, 2009 COLA was 0%

(\$1080 x .00) = \$ + 00.00 ←

No COLA amount from 2009.

2009 Total Monthly Income = \$1,080.00

2010 COLA is figured on 2009 monthly total shown above: **\$1080.00**

2010 COLA is 2.5%

(\$1,080.00 x .025) = \$ 27.00 ←

Add COLA amount to benefits.

\$1,080.00 + \$27.00 = **\$1,107.00**

\$1,107.00 is the 2010 monthly pension payment.

Remember, this is an example. Use your own benefit and COLA amounts to figure your personal estimate.

The COLA will be applied beginning April 1. You will see the increase on your May 1, 2010 pension payment.

CCCERA office hours are
8 a.m. - Noon, 12:30 p.m. - 5 p.m.,
Monday through Friday. Counselors
are available by phone
9 a.m. - Noon, 12:30 p.m. - 4 p.m.
After business hours,
voicemail is available
to take your messages
24 hours a day at
925.521.3960.

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