



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 16

**MEETING DATE:** February 16, 2022

**SUBJECT:** Cost-of-Living Adjustments as of April 1, 2022

**SUBMITTED FOR:**  Consent  **Deliberation and Action**  **Receive and File**

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### **RECOMMENDATION**

Staff recommends that the Board approve cost-of-living adjustments (COLA) effective April 1, 2022, as follows:

- Miscellaneous Tier 1 and Safety Tier 1:
  - with retirement date on or before 3/31/1976 the COLA increase is 4.0%.
  - with retirement date between 4/1/1976 and 3/31/2022 the COLA increase is 3.0%.
- Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3, and 4:
  - with retirement date on or before 3/31/2022 the COLA increase is 2.0%.
- Miscellaneous Tier 2: No COLA

### **PURPOSE**

This item supports the Strategic Management Plan objective to promote transparency, fairness, and compliance with laws and regulations.

### **DISCUSSION**

Staff has determined and Segal has certified the cost-of-living adjustments in accordance with Sections 31870 and 31874.2 of the Government Code.

The cost-of-living factor to be used effective April 1, 2022, is determined by comparing the annual average consumer price index (CPI) for the San Francisco-Oakland-Hayward Area (with 1982-84 as the base period) in each of the past two years. The ratio of the past two annual average indices, 309.721 in 2021 and 300.084 in 2020 is 1.0321. The County Law sections cited above indicate that the resulting percentage change of 3.21% should be rounded to the nearest one-half percent, which is 3.0%.

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The actual cost-of-living adjustment is dependent on plan, tier, and date of retirement. The CPI adjustment to be applied on April 1, 2022, is provided in the “CPI Used” column of the attached Segal COLA Letter. The unused cost-of-living adjustments carry over from past years that have not been used as of April 1, 2022, also known as the “COLA bank,” appear in the final column entitled “April 1, 2022, Accumulated Carry-Over.”

While there was inflationary growth in the Bay Area in 2021, the data suggests it was not as high as other parts of the country. This is likely due to the Bay Area prices generally being higher over a longer period of time, with the rest of the county experiencing a higher pace of inflation to “catch up.” Since 1982, the CPI-U for the Bay Area has outpaced the CPI-U index for a broader index that includes the Western states. This means the CPI-U for the Bay Area has led to higher cost of living increases, compounded over time, than other CPI indices. According to Bureau of Labor Statistics, prices today for the Bay Area are more than 3.09 times (or 309%) the prices back in 1982-84 compared to 2.87 times (or 287%) for the Western states region.

A letter of notice is attached and will be posted on the SCERS’ website.

### **ATTACHMENTS**

- Board Order
- COLA Retiree Notice
- Segal COLA analysis

/S/

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Margo Allen  
Chief Operations Officer

/S/

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Eric Stern  
Chief Executive Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

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**Before the Board of Retirement  
February 16, 2022**

AGENDA ITEM:

### **Cost-of-Living Adjustments as of April 1, 2022**

THE BOARD OF RETIREMENT hereby accepts the recommendation of staff to approve the following cost-of-living (COLA) adjustments effective April 1, 2022:

- Miscellaneous Tier 1 and Safety Tier 1:
  - with retirement date on or before 3/31/1976 the COLA increase is 4.0%.
  - with retirement date between 4/1/1976 and 3/31/2022 the COLA increase is 3.0%.
- Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3, and 4:
  - with retirement date on or before 3/31/2022 the COLA increase is 2.0%.
- Miscellaneous Tier 2: No COLA

I HEREBY CERTIFY that the above order was passed and adopted on February 16, 2022, by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

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Richard B. Fowler II  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary



## **COST-OF-LIVING ADJUSTMENT**

**EFFECTIVE APRIL 1, 2022**

At its meeting on February 16, 2022, the SCERS Retirement Board approved the annual cost-of-living adjustments (COLA) to be effective April 1, 2022, for eligible SCERS annuitants. The April 1, 2022, benefit payments will reflect the approved increases as follows:

<b>Membership Category (Plan/Tier)</b>	<b>Retirement Date</b>	<b>COLA Increase</b>
Miscellaneous Tier 1 and Safety Tier 1	On or before 3/31/1976	4.0%
	Between 4/1/1976 and 3/31/2022	3.0%
Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3, and 4	On or before 3/31/2022	2.0%
Miscellaneous Tier 2	All	0.0%

The membership category applicable to you is indicated on your retirement benefit warrant.

For retirees who retired with service under more than one membership category, the COLA applicable to each category will apply to the portion of your monthly allowance applicable to that category.

For further information on how the COLA was determined, go to SCERS' website at [www.scers.org](http://www.scers.org), select "For Members" section from the Toolbar and select Retiree COLA Tracker, or contact SCERS' office.



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## Via Email

January 14, 2022

Mr. Eric Stern  
Chief Executive Officer  
Sacramento County Employees' Retirement System  
980 9th Street, Suite 1900  
Sacramento, CA 95814-2738

**Re: Sacramento County Employees' Retirement System  
Cost-of-Living Adjustments (COLA) as of April 1, 2022**

Dear Eric:

We have determined the cost-of-living adjustments for the System in accordance with Sections 31874.2 and 31870, as provided in the enclosed exhibits.

The cost-of-living factor to be used by the System on April 1, 2022 is determined by comparing the Bureau of Labor Statistics' annual average CPI for the San Francisco-Oakland-Hayward Area (with 1982-84 as the base period) in each of the past two years. The ratio of the past two annual indices, 309.721 in 2021 and 300.084 in 2020, is 1.0321. The County Law sections cited above indicate that the resulting percentage change of 3.21% 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 SCERS may result in adjustments different from those calculated using alternative procedures by other systems.

Except for members in Miscellaneous Tier 2 who are ineligible for any adjustments, the actual cost-of-living adjustment for members in other tiers is dependent on tier and date of retirement. The CPI adjustment to be applied on April 1, 2022 is provided in Column (4) of the enclosed exhibits. The COLA banks are provided in Column (5).

Please give us a call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Andy Yeung".

Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary

bts/hy  
Enclosures

Sacramento County Employees' Retirement System  
 Cost-Of-Living Adjustment  
 As of April 1, 2022

Retirement Date	(1) April 1, 2021 Accumulated Carry-Over	(2) CPI Change <sup>(1)</sup>	(3) CPI Rounded <sup>(2)</sup>	(4) CPI Used <sup>(3)</sup>	(5) April 1, 2022 Accumulated Carry-Over <sup>(4)</sup>
Miscellaneous and Safety Tier 1					
Section 31874.2					
Maximum Annual COLA	4.0%				
Before 07/01/1967	26.0%	3.21%	3.0%	4.0%	25.0%
07/01/1967 to 06/30/1968	25.5%	3.21%	3.0%	4.0%	24.5%
07/01/1968 to 03/31/1969	24.5%	3.21%	3.0%	4.0%	23.5%
04/01/1969 to 03/31/1970	22.0%	3.21%	3.0%	4.0%	21.0%
04/01/1970 to 03/31/1971	19.5%	3.21%	3.0%	4.0%	18.5%
04/01/1971 to 03/31/1972	17.5%	3.21%	3.0%	4.0%	16.5%
04/01/1972 to 03/31/1973	16.5%	3.21%	3.0%	4.0%	15.5%
04/01/1973 to 03/31/1974	16.0%	3.21%	3.0%	4.0%	15.0%
04/01/1974 to 03/31/1975	13.0%	3.21%	3.0%	4.0%	12.0%
04/01/1975 to 03/31/1976	6.0%	3.21%	3.0%	4.0%	5.0%
04/01/1976 to 03/31/2022	0.0%	3.21%	3.0%	3.0%	0.0%

- <sup>(1)</sup> Based on ratio of 2021 annual average CPI to 2020 annual average CPI for the San Francisco - Oakland - Hayward Area.
- <sup>(2)</sup> Based on CPI change rounded to nearest one-half percent.
- <sup>(3)</sup> These are the cost-of-living adjustment factors to be applied on April 1, 2022.
- <sup>(4)</sup> These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2022.

Sacramento County Employees' Retirement System  
 Cost-Of-Living Adjustment  
 As of April 1, 2022

Retirement Date	(1) April 1, 2021 Accumulated Carry-Over	(2) CPI Change <sup>(1)</sup>	(3) CPI Rounded <sup>(2)</sup>	(4) CPI Used <sup>(3)</sup>	(5) April 1, 2022 Accumulated Carry-Over <sup>(4)</sup>
Miscellaneous Tiers 3, 4, and 5, and Safety Tiers 2, 3, and 4 Section 31870					
Maximum Annual COLA	2.0%				
Before 04/01/1997	18.5%	3.21%	3.0%	2.0%	19.5%
04/01/1997 to 03/31/1998	18.0%	3.21%	3.0%	2.0%	19.0%
04/01/1998 to 03/31/1999	16.5%	3.21%	3.0%	2.0%	17.5%
04/01/1999 to 03/31/2000	15.5%	3.21%	3.0%	2.0%	16.5%
04/01/2000 to 03/31/2001	13.5%	3.21%	3.0%	2.0%	14.5%
04/01/2001 to 03/31/2002	11.0%	3.21%	3.0%	2.0%	12.0%
04/01/2002 to 03/31/2007	9.0%	3.21%	3.0%	2.0%	10.0%
04/01/2007 to 03/31/2008	8.0%	3.21%	3.0%	2.0%	9.0%
04/01/2008 to 03/31/2012	7.5%	3.21%	3.0%	2.0%	8.5%
04/01/2012 to 03/31/2013	7.0%	3.21%	3.0%	2.0%	8.0%
04/01/2013 to 03/31/2015	6.5%	3.21%	3.0%	2.0%	7.5%
04/01/2015 to 03/31/2016	5.5%	3.21%	3.0%	2.0%	6.5%
04/01/2016 to 03/31/2017	5.0%	3.21%	3.0%	2.0%	6.0%
04/01/2017 to 03/31/2018	4.0%	3.21%	3.0%	2.0%	5.0%
04/01/2018 to 03/31/2019	3.0%	3.21%	3.0%	2.0%	4.0%
04/01/2019 to 03/31/2020	1.0%	3.21%	3.0%	2.0%	2.0%
04/01/2020 to 03/31/2022	0.0%	3.21%	3.0%	2.0%	1.0%

- (1) Based on ratio of 2021 annual average CPI to 2020 annual average CPI for the San Francisco - Oakland - Hayward Area.  
 (2) Based on CPI change rounded to nearest one-half percent.  
 (3) These are the cost-of-living adjustment factors to be applied on April 1, 2022.  
 (4) These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2022.