



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 6

MEETING DATE: February 21, 2018

SUBJECT: Cost-of-Living Adjustments as of April 1, 2018

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

RECOMMENDATION

Staff recommends that the Board approve cost-of-living (COLA) adjustments effective April 1, 2018 as follows:

- Miscellaneous Tier 1 and Safety Tier 1 members who retired before April 1, 1978: 4.0%
- Miscellaneous Tier 1 and Safety Tier 1 members who retired April 1, 1978 or later: 3.0%
- Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3 and 4: 2.0%
- Miscellaneous Tier 2: No COLA

DISCUSSION

Staff has determined the cost-of-living adjustments in accordance with Sections 31870 and 31874.2, as provided in the attached exhibits.

The cost-of-living factor to be used effective April 1, 2018 is determined by comparing the annual average consumer price index (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 annual average indices, 274.924 in 2017 and 266.344 in 2016 is .0322. The County Law sections cited above indicate that the resulting percentage change of 3.22% should be rounded to the nearest one-half percent, which is 3.0%.

The actual cost-of-living adjustment is dependent upon tier and date of retirement. The CPI adjustment to be applied on April 1, 2018 is provided in the "CPI Applied" column of the attached exhibits. The unused cost-of-living adjustments from past years that have not been used as of April 1, 2018, known as the 'COLA bank', appear in the final column entitled "April 1, 2018 Accumulated Balance."

A letter to retirees is attached and will be included with the mailing of retiree payroll and posted on the SCERS web site. Please let me know if you have any questions.

ATTACHMENTS

- Cost-of-Living Increase Effective April 1, 2018 Letter to Members
- Cost-of-Living Adjustment Table for Miscellaneous and Safety Tier 1
- Cost-of-Living Adjustment Table for Miscellaneous Tier 3, 4, and 5 and Safety Tier 2, 3, and 4
- Bureau of Labor Statistics Data, Consumer Price Index, All Urban Consumers For San Francisco-Oakland-San Jose, California Area

/S/

Kathryn T. Regalia
Chief Operations Officer

/S/

Eric Stern
Chief Executive Officer



Executive Staff
 Eric Stern
 Chief Executive Officer
 Steve Davis
 Chief Investment Officer
 Robert L. Gaumer
 General Counsel
 Kathryn T. Regalia
 Chief Operations Officer
 John W. Gobel, Sr.
 Chief Benefits Officer
 Stephen Hawley
 Chief Strategy Officer

COST-OF-LIVING INCREASE

EFFECTIVE APRIL 1, 2018

At its meeting on February 21, 2018, the SCERS Retirement Board approved the annual cost-of-living adjustments (COLA) to be effective April 1, 2018 for eligible SCERS monthly annuitants. SCERS' April 2018 benefit payments will reflect the approved increases as follows:

Membership Category (Plan/Tier)	Retirement Date	COLA Increase
Miscellaneous Tier 1 or Safety Tier 1	On or before 3/31/1978	4.0%
	On or after 4/1/1978	3.0%
Miscellaneous Tier 3, 4, and 5 or Safety Tier 2, 3, and 4	All	2.0%
Miscellaneous Tier 2	All	0.0%

The membership category applicable to you is indicated on your retirement system 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, please click on the "Important Notices" link on the SCERS website – www.scers.org – or contact the SCERS office.



Cost-of-Living Adjustments
As of April 1, 2018

Miscellaneous and Safety Tier 1
Section 31874.2
Maximum Annual COLA 4.0%

Retirement Date	1 April 1, 2017 Accumulated Balance	2 CPI Change*	3 CPI Rounded**	4 CPI Applied***	5 April 1, 2018 Accumulated Balance****
Before 07/01/1967	30.00%	3.22%	3.00%	4.00%	29.00%
07/01/1967 to 06/30/1968	29.50%	3.22%	3.00%	4.00%	28.50%
07/01/1968 to 03/31/1969	28.50%	3.22%	3.00%	4.00%	27.50%
04/01/1969 to 03/31/1970	26.00%	3.22%	3.00%	4.00%	25.00%
04/01/1970 to 03/31/1971	23.50%	3.22%	3.00%	4.00%	22.50%
04/01/1971 to 03/31/1972	21.50%	3.22%	3.00%	4.00%	20.50%
04/01/1972 to 03/31/1973	20.50%	3.22%	3.00%	4.00%	19.50%
04/01/1973 to 03/31/1974	20.00%	3.22%	3.00%	4.00%	19.00%
04/01/1974 to 03/31/1975	17.00%	3.22%	3.00%	4.00%	16.00%
04/01/1975 to 03/31/1976	10.00%	3.22%	3.00%	4.00%	9.00%
04/01/1976 to 03/31/1977	4.00%	3.22%	3.00%	4.00%	3.00%
04/01/1977 to 03/31/1978	2.50%	3.22%	3.00%	4.00%	1.50%
04/01/1978 to 03/31/2018	0.00%	3.22%	3.00%	3.00%	0.00%

- * Ratio of the annual average 2016 CPI to the annual average 2017 CPI for the San Francisco - Oakland - San Jose Area.
- ** CPI change for 2017 rounded to the nearest one-half percent.
- *** Cost-of-living adjustment to be applied effective April 1, 2018.
- **** Accumulated cost-of-living adjustments may be applied in future years.



Cost-of-Living Adjustments
As of April 1, 2018

Miscellaneous Tier 3, 4, 5 and Safety Tier 2, 3, and 4
Section 31870
Maximum Annual COLA 2.0%

Retirement Date	1 April 1, 2017 Accumulated Balance	2 CPI Change*	3 CPI Rounded**	4 CPI Applied***	5 April 1, 2018 Accumulated Balance****
Before 04/01/1997	14.50%	3.22%	3.00%	2.00%	15.50%
04/01/1997 to 03/31/1998	14.00%	3.22%	3.00%	2.00%	15.00%
04/01/1998 to 03/31/1999	12.50%	3.22%	3.00%	2.00%	13.50%
04/01/1999 to 03/31/2000	11.50%	3.22%	3.00%	2.00%	12.50%
04/01/2000 to 03/31/2001	9.50%	3.22%	3.00%	2.00%	10.50%
04/01/2001 to 03/31/2002	7.00%	3.22%	3.00%	2.00%	8.00%
04/01/2002 to 03/31/2007	5.00%	3.22%	3.00%	2.00%	6.00%
04/01/2007 to 03/31/2008	4.00%	3.22%	3.00%	2.00%	5.00%
04/01/2008 to 03/31/2012	3.50%	3.22%	3.00%	2.00%	4.50%
04/01/2012 to 03/31/2013	3.00%	3.22%	3.00%	2.00%	4.00%
04/01/2013 to 03/31/2015	2.50%	3.22%	3.00%	2.00%	3.50%
04/01/2015 to 03/31/2016	1.50%	3.22%	3.00%	2.00%	2.50%
04/01/2016 to 03/31/2017	1.00%	3.22%	3.00%	2.00%	2.00%
04/01/2017 to 03/31/2018	0.00%	3.22%	3.00%	2.00%	1.00%

- * Ratio of the annual average 2016 CPI to the annual average 2017 CPI for the San Francisco - Oakland - San Jose Area.
- ** CPI change for 2017 rounded to the nearest one-half percent.
- *** Cost-of-living adjustment to be applied effective April 1, 2018.
- **** Accumulated cost-of-living adjustments may be applied in future years.


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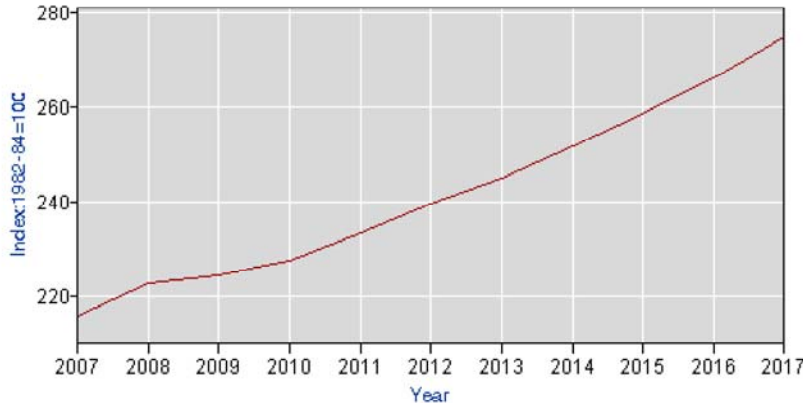
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CPI-All Urban Consumers (Current Series)

Series Id: CUURA422SA0, CUUSA422SA0
 Not Seasonally Adjusted
Series Title: All items in San Francisco-Oakland-San Jose, CA, all urban consumers, not seasonally adjusted
Area: San Francisco-Oakland-San Jose, CA
Item: All items
Base Period: 1982-84=100

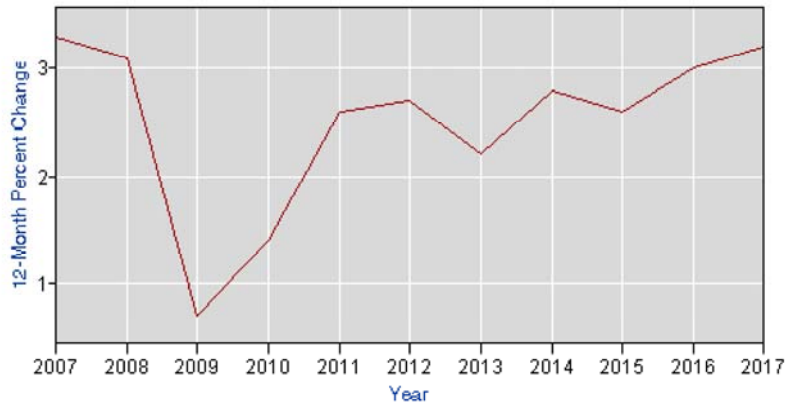


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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2007		213.688		215.842		216.123		216.240		217.949		218.485	216.048	214.736	217.361
2008		219.612		222.074		225.181		225.411		225.824		218.528	222.767	221.730	223.804
2009		222.166		223.854		225.692		225.801		226.051		224.239	224.395	223.305	225.484
2010		226.145		227.697		228.110		227.954		228.107		227.658	227.469	226.994	227.944
2011		229.981		234.121		233.646		234.608		235.331		234.327	233.390	232.082	234.698
2012		236.880		238.985		239.806		241.170		242.834		239.533	239.650	238.099	241.201
2013		242.677		244.675		245.935		246.072		246.617		245.711	245.023	243.894	246.152
2014		248.615		251.495		253.317		253.354		254.503		252.273	251.985	250.507	253.463
2015		254.910		257.622		259.117		259.917		261.019		260.289	258.572	256.723	260.421
2016		262.600		264.565		266.041		267.853		270.306		269.483	266.344	263.911	268.777
2017		271.626		274.589		275.304		275.893		277.570		277.414	274.924	273.306	276.542

12-Month Percent Change

Series Id: CUURA422SA0, CUUSA422SA0
 Not Seasonally Adjusted
Series Title: All items in San Francisco-Oakland-San Jose, CA, all urban consumers, not seasonally adjusted
Area: San Francisco-Oakland-San Jose, CA
Item: All items
Base Period: 1982-84=100



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Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2007		3.2		3.3		3.4		2.6		3.3		3.8	3.3	3.3	3.2
2008		2.8		2.9		4.2		4.2		3.6		0.0	3.1	3.3	3.0
2009		1.2		0.8		0.2		0.2		0.1		2.6	0.7	0.7	0.8
2010		1.8		1.7		1.1		1.0		0.9		1.5	1.4	1.7	1.1
2011		1.7		2.8		2.4		2.9		3.2		2.9	2.6	2.2	3.0
2012		3.0		2.1		2.6		2.8		3.2		2.2	2.7	2.6	2.8
2013		2.4		2.4		2.6		2.0		1.6		2.6	2.2	2.4	2.1
2014		2.4		2.8		3.0		3.0		3.2		2.7	2.8	2.7	3.0
2015		2.5		2.4		2.3		2.6		2.6		3.2	2.6	2.5	2.7
2016		3.0		2.7		2.7		3.1		3.6		3.5	3.0	2.8	3.2
2017		3.4		3.8		3.5		3.0		2.7		2.9	3.2	3.6	2.9

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