

Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 6

February 20, 2019 **MEETING DATE:**

Cost-of-Living Adjustments as of April 1, 2019 SUBJECT:

> Deliberation Receive and Action and File

SUBMITTED FOR: X Consent

RECOMMENDATION

Staff recommends that the Board approve cost-of-living adjustments (COLA) effective April 1, 2019 as follows:

- Miscellaneous Tier 1 and Safety Tier 1: 4.0%
- Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3, and 4: 2.0%
- Miscellaneous Tier 2: No COLA

PURPOSE

This item does not specifically support the 2018-19 Strategic Management Plan, but complies with Government Code Sections 31870 and 31874.2.

DISCUSSION

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

The cost-of-living factor to be used effective April 1, 2019 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, 285.550 in 2018 and 274.924 in 2017 is .0387. The Government Code sections cited above indicate that the resulting percentage change of 3.87% should be rounded to the nearest one-half percent, which is 4.0%.

The actual cost-of-living adjustment is dependent upon tier and date of retirement. The CPI adjustment to be applied on April 1, 2019 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, 2019, known as the "COLA bank," appear in the final column entitled "April 1, 2019 Accumulated Balance."

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

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ATTACHMENTS

- Cost-of-Living Adjustment Effective April 1, 2019 Retiree Notice
- Cost-of-Living Adjustment Table for Miscellaneous and Safety Tier 1; and Table for Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3, and 4
 Bureau of Labor Statistics Data, Consumer Price Index, All Urban Consumers
- For San Francisco-Oakland-Hayward, California Area

/S/	/S/
Kathryn T. Regalia	Eric Stern
Chief Operations Officer	Chief Executive Officer



COST-OF-LIVING ADJUSTMENT EFFECTIVE APRIL 1, 2019

At its meeting on February 20, 2019, the SCERS Retirement Board approved the annual cost-of-living adjustments (COLA) to be effective April 1, 2019 for eligible SCERS monthly annuitants. SCERS' April 2019 benefit payments will reflect the approved increases as follows:

Membership Category (Plan/Tier)	Retirement Date	COLA Increase
Miscellaneous Tier 1 and Safety Tier 1	All	4.0%
Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3, and 4	All	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, select "For Members" section from the Toolbar, or contact the SCERS office.



Cost-of-Living Adjustments As of April 1, 2019

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

			1	2	3	4	5
Retire	ment	Date	April 1, 2018 Accumulated Balance	CPI Change*	CPI Rounded**	CPI Applied***	April 1, 2019 Accumulated Balance****
Before (07/01	1/1967	29.00%	3.87%	4.00%	4.00%	29.00%
07/01/1967	to	06/30/1968	28.50%	3.87%	4.00%	4.00%	28.50%
07/01/1968	to	03/31/1969	27.50%	3.87%	4.00%	4.00%	27.50%
04/01/1969	to	03/31/1970	25.00%	3.87%	4.00%	4.00%	25.00%
04/01/1970	to	03/31/1971	22.50%	3.87%	4.00%	4.00%	22.50%
04/01/1971	to	03/31/1972	20.50%	3.87%	4.00%	4.00%	20.50%
04/01/1972	to	03/31/1973	19.50%	3.87%	4.00%	4.00%	19.50%
04/01/1973	to	03/31/1974	19.00%	3.87%	4.00%	4.00%	19.00%
04/01/1974	to	03/31/1975	16.00%	3.87%	4.00%	4.00%	16.00%
04/01/1975	to	03/31/1976	9.00%	3.87%	4.00%	4.00%	9.00%
04/01/1976	to	03/31/1977	3.00%	3.87%	4.00%	4.00%	3.00%
04/01/1977	to	03/31/1978	1.50%	3.87%	4.00%	4.00%	1.50%
04/01/1978	to	03/31/2019	0.00%	3.87%	4.00%	4.00%	0.00%

^{*} Ratio of the annual average 2017 CPI to the annual average 2018 CPI for the San Francisco - Oakland - Hayward Area.

^{**} CPI change for 2018 rounded to the nearest one-half percent.

^{***} Cost-of-living adjustment to be applied effective April 1, 2019.

^{****} This balance represents the banked accumulated cost-of-living adjustments for the respective retirement date, which may be applied in future years.



Cost-of-Living Adjustments As of April 1, 2019

Miscellaneous Tiers 3, 4, and 5 and Safety Tiers 2, 3, and 4 Section 31870

Maximum Annual COLA 2.0%

			1 April 1, 2018 Accumulated	2	3	4	5 April 1, 2019 Accumulated	
Retirement Date			Balance	CPI Change*	CPI Rounded**	CPI Applied***	Balance****	
Before 04	4/01	1/1997	15.50%	3.87%	4.00%	2.00%	17.50%	
04/01/1997 t	to	03/31/1998	15.00%	3.87%	4.00%	2.00%	17.00%	
04/01/1998 t	to	03/31/1999	13.50%	3.87%	4.00%	2.00%	15.50%	
04/01/1999 t	to	03/31/2000	12.50%	3.87%	4.00%	2.00%	14.50%	
04/01/2000 t	to	03/31/2001	10.50%	3.87%	4.00%	2.00%	12.50%	
04/01/2001 t	to	03/31/2002	8.00%	3.87%	4.00%	2.00%	10.00%	
04/01/2002 t	to	03/31/2007	6.00%	3.87%	4.00%	2.00%	8.00%	
04/01/2007 t	to	03/31/2008	5.00%	3.87%	4.00%	2.00%	7.00%	
04/01/2008 t	to	03/31/2012	4.50%	3.87%	4.00%	2.00%	6.50%	
04/01/2012 t	to	03/31/2013	4.00%	3.87%	4.00%	2.00%	6.00%	
04/01/2013 t	to	03/31/2015	3.50%	3.87%	4.00%	2.00%	5.50%	
04/01/2015 t	to	03/31/2016	2.50%	3.87%	4.00%	2.00%	4.50%	
04/01/2016 t	to	03/31/2017	2.00%	3.87%	4.00%	2.00%	4.00%	
04/01/2017 t	to	03/31/2018	1.00%	3.87%	4.00%	2.00%	3.00%	
04/01/2018 t	to	03/31/2019	0.00%	3.87%	4.00%	2.00%	2.00%	

- * Ratio of the annual average 2017 CPI to the annual average 2018 CPI for the San Francisco Oakland Hayward Area.
- ** CPI change for 2018 rounded to the nearest one-half percent.
- *** Cost-of-living adjustment to be applied effective April 1, 2019.
- **** This balance represents the banked accumulated cost-of-living adjustments for the respective retirement date, which may be applied in future years.

Databases, Tables & Calculators by Subject

Change Output Options: From: 2008 V To: 2018 V

 \square include graphs \square include annual averages

Data extracted on: January 11, 2019 (10:56:20 AM)

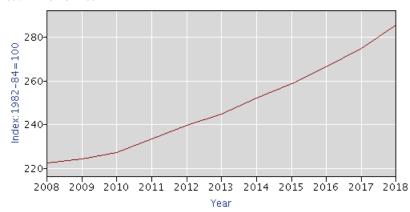
CPI-All Urban Consumers (Current Series)

Series Id: CUURS49BSA0 Not Seasonally Adjusted

Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items
Base Period: 1982-84=100



Download: XII xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
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
2018		281.308		283.422		286.062		287.664		289.673		289.896	285.550	282.666	288.435

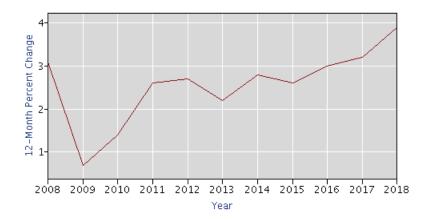
12-Month Percent Change

Series Id: CUURS49BSA0 Not Seasonally Adjusted

Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items
Base Period: 1982-84=100



Download: 🔃 xlsx

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
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
2018		3.6		3.2		3.9		4.3		4.4		4.5	3.9	3.4	4.3