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DATE: February 5, 2020 **--CORRECTED and UPDATED--**

TO: Board of Retirement

FROM: Donald C. Kendig, CPA, Retirement Administrator

Staff Contact: Doris L. Rentschler, Assistant Retirement Administrator

SUBJECT: **FCERA Annual Retiree Cost-of-Living-Adjustment (COLA) as of April 1, 2019 – APPROVE**

Recommended Action

1. Adopt a COLA of 2.50%, effective April 1, 2020, as described below.

Fiscal and Financial Impacts

The adoption of the COLA will increase the monthly pension payroll base by an estimated \$732,236 per month based on current payroll of \$23,969,416, or approximately 3.05% (due to a fixed COLA base versus total allowances).

Background and Discussion

In accordance with Government Code section 31870.1, the Board of Retirement shall determine, before April 1 of each year, whether there has been an increase or decrease in the cost-of-living as reflected in the Consumer Price Index for the West Region. The maximum COLA that can be granted in any given year is 3.0%, and any excess will be tracked on a retirement year basis, creating a "COLA bank." The COLA bank is then available to increase the COLA granted – up to the maximum of 3% in subsequent years, if the change in the cost-of-living is less than the maximum adjustment.

For April 1, 2020, the annual change in the West Region CPI is 2.69%, rounded to the nearest ½% for a COLA adjustment of 2.50%. Eligible members who retired before April 2, 2019 will receive a 3.0% adjustment due to available balance in the "COLA bank." Eligible members that retired between April 2, 2019 and April 1, 2020 will received a 2.5% COLA. Eligible employees who retire on or after April 2, 2020 will not experience any adjustment. Employees in Tiers 4 and 5 are not eligible for COLA increases in retirement.

Attachment

1. U.S. Department of Labor, Consumer Price Index Table, West Region, All items

CPI for All Urban Consumers (CPI-U) Original Data Value

Series Id: CUUR0400SA0
Not Seasonally Adjusted
Series Title: All items in West urban, all urban consumers,
Area: West
Item: All items
Base Period: 1982-84=100
Years: 2009 to 2019

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2009	215.923	217.095	217.357	217.910	218.567	219.865	219.484	219.884	220.294	220.447	219.728	219.307	218.822	217.786	219.857
2010	219.989	220.179	220.809	221.202	221.417	221.147	221.331	221.523	221.384	221.708	221.671	222.081	221.203	220.790	221.616
2011	223.149	224.431	226.558	227.837	228.516	228.075	227.805	228.222	229.147	229.195	228.771	228.117	227.485	226.428	228.543
2012	228.980	229.995	232.039	232.561	233.053	232.701	231.893	233.001	234.083	234.966	233.206	232.029	232.376	231.555	233.196
2013	232.759	234.595	235.511	235.488	235.979	236.227	236.341	236.591	237.146	237.000	236.153	236.096	235.824	235.093	236.555
2014	236.707	237.614	239.092	239.808	241.350	241.616	241.850	241.660	241.920	241.650	240.220	239.095	240.215	239.365	241.066
2015	238.318	239.748	241.690	242.302	244.227	244.332	245.040	244.737	244.257	244.341	243.749	243.434	243.015	241.770	244.260
2016	244.600	244.821	245.404	246.589	247.855	248.228	248.375	248.498	249.234	249.897	249.448	249.516	247.705	246.250	249.161
2017	250.814	252.252	252.949	253.806	254.380	254.469	254.708	255.282	256.504	257.223	257.126	257.347	254.738	253.112	256.365
2018	258.638	259.986	260.994	262.037	263.240	263.732	263.971	264.395	265.105	266.195	265.658	265.209	263.263	261.438	265.089
2019	265.624	266.215	267.370	269.522	270.880	270.957	271.029	271.264	272.102	273.524	273.128	272.584	270.350	268.428	272.272

2019 Annual 270.350

2018 Annual 263.263

CPI Change 2.69%

Rounded to nearest 1/2% 2.50%

Maximum Annual COLA 3.00%

COLA Bank

Effective Date	Retirement Date On or Before	Beginning Balance	Rounded CPI from Actuary	COLA Percent Granted	COLA Bank Adjustment	Ending Balance
4/1/2020	4/1/2020	0.00	2.50	2.50	0.00	0.00
4/1/2020	4/1/2019	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2018	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2017	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2016	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2015	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2014	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2013	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2012	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2011	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2010	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2009	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2008	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2007	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2006	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2005	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2004	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2003	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2002	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2001	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/2000	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1999	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1998	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1997	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1996	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1995	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1994	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1993	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1992	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1991	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1990	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1989	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1988	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1987	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1986	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1985	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1984	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1983	0.50	2.50	3.00	-0.50	0.00
4/1/2020	4/1/1982	10.00	2.50	3.00	-0.50	9.50
4/1/2020	4/1/1981	22.00	2.50	3.00	-0.50	21.50
4/1/2020	4/1/1980	27.50	2.50	3.00	-0.50	27.00

COLA Bank

Effective Date	Retirement Date On or Before	Beginning Balance	Rounded CPI from Actuary	COLA Percent Granted	COLA Bank Adjustment	Ending Balance
4/1/2020	4/1/1979	34.00	2.50	3.00	-0.50	33.50
4/1/2020	4/1/1978	38.50	2.50	3.00	-0.50	38.00
4/1/2020	4/1/1977	41.00	2.50	3.00	-0.50	40.50
4/1/2020	4/1/1976	48.00	2.50	3.00	-0.50	47.50
4/1/2020	4/1/1975	55.00	2.50	3.00	-0.50	54.50
4/1/2020	4/1/1974	58.00	2.50	3.00	-0.50	57.50
4/1/2020	4/1/1973	58.50	2.50	3.00	-0.50	58.00