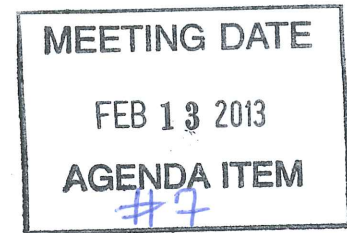


# **MEMO**

**Date:** February 13, 2013  
**To:** CCCERA Board of Retirement  
**From:** Kurt Schneider, Deputy Chief Executive Officer  
**Subject:** Cost-of-Living Adjustments as of April 1, 2013

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In accordance with Government Code §§31870, 31870.1 and 31870.3, the Board must determine the annual cost-of-living adjustments (COLAs) to be effective April 1, 2013.

## **Determination of COLA**

Based on the statutes noted above, the increase or decrease of the retiree allowances must “approximate to the nearest one-half of 1 percent, the percentage of annual increase or decrease in the cost of living as of January 1st of each year as shown by the then current Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the area in which the county seat is situated.” The only difference in the three COLA statutes that apply to CCCERA members is that the annual maximum adjustment is either 2%, 3%, or 4% depending on which section is applicable.

The consumer price index values used by CCCERA are the December values from the San Francisco-Oakland-San Jose, California table. The increase in the index from December 2011 to December 2012 was 2.22%. In accordance with the statute this is rounded down to 2.0%.

When this value is greater than the annual allowable maximum increase, the excess above the allowance increase is accumulated or “banked”. When the value is less than the annual allowable maximum increase, retirees with sufficient bank will receive the maximum allowable increase and have their banks reduces accordingly.

The attached Segal letter shows the determination of the consumer price index increase and the annual adjustment retirees will receive depending on Tier and bank. The letter also shows the adjustments to the banks.

## **Recommendation**

Adopt the 2013 COLA and bank adjustments as outlined in the Segal letter.



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January 29, 2013

Ms. Marilyn Leedom  
Chief Executive Officer  
Contra Costa County Employees' Retirement Association  
1355 Willow Way, Suite 221  
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association  
Cost-of-Living Adjustments (COLA) as of April 1, 2013**

Dear Marilyn:

We have determined the cost-of-living adjustments for the Association in accordance with Sections 31870.1, 31870.3 and 31870, as provided in the enclosed exhibits.

The cost-of-living factor to be used by the Association on April 1, 2013 is determined by comparing the December 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 December indices, 239.533 in 2012 and 234.327 in 2011, is 1.0222. The County Law sections cited above indicate that the resulting percentage change of 2.22% should be rounded to the nearest one-half percent, which is 2.0%.

Please note the above cost-of-living adjustments calculated using established procedures for CCCERA may result in adjustments different from those calculated using alternative procedures by other systems.

Note that members with membership dates on and after January 1, 2013 will be placed in either General Tier 4, General Tier 5, Safety Tier D or Safety Tier E due to the recent CalPEPRA legislation. Since these new tiers have COLA provisions that are the same as those found in CCCERA's current tiers, the enclosed exhibits are applicable to all retired members and beneficiaries in the corresponding tiers regardless of membership date.

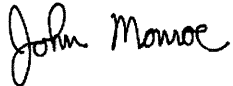
The actual cost-of-living adjustment is dependent on tier and date of retirement. The CPI adjustment to be applied on April 1, 2013 is provided in Column (4) of the enclosed exhibits. The COLA bank on April 1, 2013 is provided in Column (5).



Ms. Marilyn Leedom  
January 29, 2013  
Page 2

Please give us a call if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "John Monroe". The signature is written in a cursive style with a large, stylized "J" and "M".

John Monroe

AW/gxk  
Enclosures

Contra Costa County Employees' Retirement Association  
Cost-Of-Living Adjustment  
As of April 1, 2013

	(1)	(2)	(3)	(4)	(5)
Retirement Date	April 1, 2012 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2013 Accumulated Carry-over****
Tier 1, Tier 3 (service retirement only), Tier 4 (3% COLA), Tier 5 (3%/4% COLA and service retirement only), Safety Tier A and Safety Tier D Section 31870.1 Maximum Annual COLA					
	3.0%				
On or Before 4/1/1982	11.000%	2.22%	2.0%	3.0%	10.000%
04/02/1982 to 04/01/1983	4.527%	2.22%	2.0%	3.0%	3.527%
04/02/1983 to 04/01/1985	2.000%	2.22%	2.0%	3.0%	1.000%
04/02/1985 to 04/01/2012	0.000%	2.22%	2.0%	2.0%	0.000%
04/02/2012 to 04/01/2013		2.22%	2.0%	2.0%	0.000%

\* Based on ratio of December 2012 CPI to December 2011 CPI for the San Francisco - Oakland - San Jose Area.

\*\* Based on CPI change rounded to nearest one-half percent.

\*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2013.

\*\*\*\* These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2013.

Contra Costa County Employees' Retirement Association  
Cost-Of-Living Adjustment  
As of April 1, 2013

			(1)	(2)	(3)	(4)	(5)
Retirement Date			April 1, 2012 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2013 Accumulated Carry-over****
Tier 2, Tier 3 (disability retirement only) and Tier 5 (3%/4% COLA and disability retirement only)							
Section 31870.3							
Maximum Annual COLA			4.0%				
04/02/1984	to	04/01/2012	0.0%	2.22%	2.0%	2.0%	0.0%
04/02/2012	to	04/01/2013		2.22%	2.0%	2.0%	0.0%

\* Based on ratio of December 2012 CPI to December 2011 CPI for the San Francisco - Oakland - San Jose Area.

\*\* Based on CPI change rounded to nearest one-half percent.

\*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2013.

\*\*\*\* These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2013.

Contra Costa County Employees' Retirement Association  
Cost-Of-Living Adjustment  
As of April 1, 2013

			(1)	(2)	(3)	(4)	(5)
Retirement Date			April 1, 2012 Accumulated Carry-over	CPI Change*	CPI Rounded**	CPI Used***	April 1, 2013 Accumulated Carry-over****
Tier 4 (2% COLA), Tier 5 (2% COLA), Safety Tier C and Safety Tier E							
Section 31870							
Maximum Annual COLA			2.0%				
04/02/2007	to	04/01/2012	1.0%	2.22%	2.0%	2.0%	1.0%
04/02/2012	to	04/01/2013		2.22%	2.0%	2.0%	0.0%

\* Based on ratio of December 2012 CPI to December 2011 CPI for the San Francisco - Oakland - San Jose Area.

\*\* Based on CPI change rounded to nearest one-half percent.

\*\*\* These are the cost-of-living adjustment factors to be applied on April 1, 2013.

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