



Roberto L. Peña  
Retirement Administrator

FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
BOARD OF RETIREMENT

Steven J. Jolly, Chair  
Michael Cardenas, Vice Chair  
Alan Cade, Jr.  
Vicki Crow  
Phil Larson  
A. Papaleo  
Stephanie Savrnoch  
John P. Souza  
William Storey  
Ronald S. Frye, Alternate

April 1, 2007

Dear Member:

The Board of Retirement (Board) of the Fresno County Employees' Retirement Association (FCERA) approved a cost of living (COL) increase for all retirees and beneficiaries at its regular meeting on February 21, 2007.

This action was taken in accordance with provisions of the retirement law that require the Board to determine the percentage increase in the COL each year. For 2006, the increase in the Average Consumer Price Index for All Urban Consumers (CPI-U) for the Western Area as calculated by our actuary, The Segal Company, was 3.42%, which is rounded to 3.5%. Since this 3.5% increase is higher than the 3.0% Col maximum permitted by law, there is 0.5% (CPI-U) excess available to increase retiree's COL bank balance.

Please note that based on the Board of Retirement's decision on December 6, 2006, the cost of living calculation for 2007 is based on the change in consumer price index for the Western Region based on the Board's analysis that this index is more reflective of Fresno County. Previously the Consumer Price Index for the San Francisco-Oakland-San Jose Area was used to calculate the cost of living increase for FCERA.

All retired members and beneficiaries who retired prior to April 2, 2007 will receive a 3.0% increase in their cost of living benefit. Please note that these increases will go into effect on April 1, 2007 and will be reflected in the benefit check for April. In addition, all members and beneficiaries who retired prior to April 2, 2007 will receive a 0.5% increase to their banked cost of living which can be drawn on in future years when the cost of living is less than 3.0%.

As per the Board's decision on May 18, 2005 to freeze the Supp COL benefit at its current level, the supplemental cost of living benefit amount will remain unchanged for the upcoming fiscal year.

The following pages describe the cost of living and supplemental cost of living benefits more fully. Please call our office at 559.457.0681 if you have any questions regarding your benefits.

Sincerely,

Roberto L. Peña  
Retirement Administrator

RLP:BVW

The COL benefit is calculated by multiplying the adopted COL rate (3.0%) by the sum of the annuity, current service, supplemental annuity or supplemental benefit, and current cost of living. Please note that non-vested benefits such as the health benefit and supplemental cost of living are not included in the COL calculation.

**Example 1:** A retiree who retired on January 1, 2007 and received a 3.0% COL increase.

Prior Allowance (Date of Retirement between 4/2/06 and 4/1/07)

<u>Annuity</u>	<u>Current Service</u>	<u>Supp. Annuity</u>	<u>Supp. Benefit</u>	<u>Current COL</u>	<u>Current Supp. COL</u>	<u>Total</u>
\$200.00	\$800.00	\$100.00	\$0.00	\$0.00	\$0.00	\$1,100.00
(A)	(B)	(C)		(D)		(E)

New Allowance (Date of Retirement between 4/02/06 and 4/1/07)

<u>Annuity</u>	<u>Current Service</u>	<u>Supp. Annuity</u>	<u>Supp. Benefit</u>	<u>New COL</u>	<u>New Supp. COL</u>	<u>Total</u>
\$200.00	\$800.00	\$100.00	\$0.00	\$33.00	\$0.00	\$1,133.00
(A)	(B)	(C)		(D)		(E)

The new COL amount of \$33.00 is calculated by adding 3.0% of the sum of A+B+C+D to the current COL.

**Example 2:** The calculation below is an example of a retiree who retired on April 2, 1992.

Prior Allowance (Date of Retirement Between 4/2/81 and 1/1/01)

<u>Annuity</u>	<u>Current Service</u>	<u>Supp. Annuity</u>	<u>Supp. Benefit</u>	<u>Current COL</u>	<u>Current Supp. COL</u>	<u>Total</u>
\$200.00	\$800.00	\$0.00	\$200.00	\$300.00	\$0.00	\$1,500.00
(A)	(B)		(C)	(D)		(E)

New Allowance (Date of Retirement Between 4/2/81 and 1/1/01)

<u>Annuity</u>	<u>Current Service</u>	<u>Supp. Annuity</u>	<u>Supp. Benefit</u>	<u>New COL</u>	<u>New Supp. COL</u>	<u>Total</u>
\$200.00	\$800.00	\$0.00	\$200.00	\$345.00	\$0.00	\$1,545.00
(A)	(B)		(C)	(D)		(E)

The new COL amount of \$345.00 is calculated by adding 3.0% of the sum of A+B+C+D to the current COL.

As per the Board's decision on May 18, 2005 to freeze the Supp COL benefit at its current level, the supplemental cost of living benefit amount will remain unchanged for the upcoming fiscal year. For those retirees currently receiving the Supp COL benefit, perform the calculation as described and add the current amount of the Supp COL benefit to determine your new gross monthly benefit.

The Supp. COL benefit will continue at the same level as is currently being paid. For those currently receiving Supp Col, the amount WILL NOT increase. Therefore, only the Cost of Living Bank is shown below.

**COLA Bank Accumulation**

Based on the Consumer Price Index for All Urban Consumers (CPI-U) for the Western Region (Base Period: 1982-84=100)

Retirement During 12-Month Period Ended April 1	Accumulated COLA Bank April 1, 2007	Accumulated COLA Bank April 1, 2006	Retirement During 12-Month Period Ended April 1	Accumulated COLA Bank April 1, 2007	Accumulated COLA Bank April 1, 2006
1973 or earlier	69.0%	68.5%	1991	0.5%	0.0%
1974	68.5%	68.0%	1992	0.5%	0.0%
1975	65.5%	65.0%	1993	0.5%	0.0%
1976	58.5%	58.0%	1994	0.5%	0.0%
1977	51.5%	51.0%	1995	0.5%	0.0%
1978	49.0%	48.5%	1996	0.5%	0.0%
1979	44.5%	44.0%	1997	0.5%	0.0%
1980	38.0%	37.5%	1998	0.5%	0.0%
1981	32.5%	32.0%	1999	0.5%	0.0%
1982	20.5%	20.0%	2000	0.5%	0.0%
1983	10.5%	10.0%	2001	0.5%	0.0%
1984	8.0%	7.5%	2002	0.5%	0.0%
1985	8.0%	7.5%	2003	0.5%	0.0%
1986	5.5%	5.0%	2004	0.5%	0.0%
1987	4.5%	4.0%	2005	0.5%	0.0%
1988	4.5%	4.0%	2006	0.5%	0.0%
1989	4.0%	3.5%	2007	0.5%	0.0%
1990	2.5%	2.0%			