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DATE: February 7, 2018

TO: Board of Retirement

FROM: Doris L. Rentschler, CFP
Assistant Retirement Administrator

SUBJECT: **FCERA Annual Retiree Cost-of-Living Adjustments (COLA) as of April 1, 2018 –
RECEIVE AND FILE: APPROVE**

Recommended Action

1. Adopt a COLA of 3%, effective 4/1/2018, as described below.

Fiscal and Financial Impacts

The adoption of the COLA will increase the monthly pension payroll base of \$21,400,000 (rounded) by approximately 3% (due to a fixed COLA base verses total allowances), or an estimated \$631,500 based on current payroll.

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 process to determine the cost-of-living adjustment (COLA) is described in staff calculation dated January 18, 2018. 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. The annual change in CPI for 2017 is 2.8%. Per code, the CPI change is rounded to the nearest ½% to determine the COLA increase of 3%. There is no excess change in the cost-of-living to bank from this year's change in CPI. Employees in Tiers 4 and 5 are not eligible for COLA increases in retirement.

For April 1, 2018, the COLA is 3.0%. All members and beneficiaries, who qualify for COLA, will receive a 3.0% increase. Eligible employees who retire on or after April 2, 2018 will not experience an adjustment.

Attachment

1. COLA calculation dated January 18, 2018
2. U.S. Dept. of Labor, Consumer Price Index West Region table

COLA Bank

Effective Date	Retirement Date On or Before	Beginning Balance	Rounded CPI from Actuary	COLA Percent Granted	COLA Bank Adjustment	Ending Balance
4/1/2018	4/1/2018	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2017	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2016	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2015	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2014	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2013	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2012	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2011	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2010	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2009	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2008	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2007	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2006	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2005	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2004	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2003	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2002	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2001	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/2000	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1999	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1998	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1997	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1996	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1995	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1994	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1993	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1992	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1991	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1990	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1989	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1988	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1987	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1986	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1985	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1984	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1983	0.00	3.00	3.00	0.00	0.00
4/1/2018	4/1/1982	9.50	3.00	3.00	0.00	9.50
4/1/2018	4/1/1981	21.50	3.00	3.00	0.00	21.50
4/1/2018	4/1/1980	27.00	3.00	3.00	0.00	27.00
4/1/2018	4/1/1979	33.50	3.00	3.00	0.00	33.50
4/1/2018	4/1/1978	38.00	3.00	3.00	0.00	38.00
4/1/2018	4/1/1977	40.50	3.00	3.00	0.00	40.50
4/1/2018	4/1/1976	47.50	3.00	3.00	0.00	47.50
4/1/2018	4/1/1975	54.50	3.00	3.00	0.00	54.50
4/1/2018	4/1/1974	57.50	3.00	3.00	0.00	57.50
4/1/2018	4/1/1973	58.00	3.00	3.00	0.00	58.00

U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS

Western Information Office, 90 7th St., Suite 14-100, San Francisco, CA 94103
 Information Staff (415) 625-2270 / Fax (415) 625-2351

YEAR	Consumer Price Index, All Items, 1982-84=100 for All Urban Consumers (CPI-U)												SEMIANNUAL		ANNUAL AVERAGE
	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	1ST HALF	2ND HALF	
1998	163.0	163.2	163.3	163.6	164.3	164.2	164.3	164.8	165.1	165.5	165.8	165.8	163.6	165.2	164.4
1999	166.4	166.9	167.3	169.0	168.7	168.3	168.9	169.5	170.0	170.4	170.4	170.5	167.8	170.0	168.9
2000	171.0	172.0	173.5	173.7	174.0	174.3	175.2	175.9	176.6	177.2	177.1	177.1	173.1	176.5	174.8
2001	178.3	179.3	180.1	180.4	181.3	182.0	182.0	181.9	182.5	182.5	182.3	181.6	180.2	182.1	181.2
2002	182.4	183.2	184.0	185.1	184.8	184.5	184.7	185.3	185.7	185.8	185.8	185.5	184.0	185.5	184.7
2003	186.6	188.1	189.3	188.8	188.5	188.1	188.4	189.2	189.6	189.4	188.5	188.3	188.2	188.9	188.6
2004	189.4	190.8	192.2	192.3	193.4	193.3	192.9	193.0	193.8	195.0	195.1	194.2	191.9	194.0	193.0
2005	194.5	195.7	197.1	198.6	198.8	198.0	198.6	199.6	201.7	202.6	201.4	200.0	197.1	200.7	198.9
2006	201.7	202.7	203.8	205.3	206.9	206.4	206.7	207.5	207.8	207.1	206.3	206.2	204.5	206.9	205.7
2007	207.790	208.995	210.778	212.036	213.063	212.680	212.542	212.406	212.920	213.917	214.904	214.733	210.890	213.570	212.230
2008	215.739	216.339	218.533	219.437	221.009	223.040	223.867	222.823	222.132	221.034	217.113	214.685	219.016	220.276	219.646
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	217.786	219.857	218.822
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	220.790	221.616	221.203
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	226.428	228.543	227.485
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	231.555	233.196	232.376
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	235.093	236.555	235.824
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	239.365	241.066	240.215
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	241.770	244.260	243.015
2016	244.600	244.821	245.404	246.589	247.855 ^R	248.228 ^R	248.375 ^R	248.498 ^R	249.234	249.897	249.448	249.516	246.250 ^R	249.161	247.705
2017	250.814	252.252	252.949	253.806	254.380	254.469	245.708	255.282	256.504	257.223	257.126	257.347	253.112	256.365	254.738
1999	2.1	2.3	2.4	3.3	2.7	2.5	2.8	2.9	3.0	3.0	2.8	2.8	2.6	2.9	2.7
2000	2.8	3.1	3.7	2.8	3.1	3.6	3.7	3.8	3.9	4.0	4.0	3.9	3.2	3.8	3.5
2001	4.3	4.2	3.8	3.9	4.2	4.4	3.9	3.4	3.3	3.0	2.9	2.5	4.1	3.2	3.7
2002	2.3	2.2	2.2	2.6	1.9	1.4	1.5	1.9	1.8	1.8	1.9	2.1	2.1	1.9	1.9
2003	2.3	2.7	2.9	2.0	2.0	2.0	2.0	2.1	2.1	1.9	1.5	1.5	2.3	1.8	2.1
2004	1.5	1.4	1.5	1.9	2.6	2.8	2.4	2.0	2.2	3.0	3.5	3.1	2.0	2.7	2.3
2005	2.7	2.6	2.5	3.3	2.8	2.4	3.0	3.4	4.1	3.9	3.2	3.0	2.7	3.5	3.1
2006	3.7	3.6	3.4	3.4	4.1	4.2	4.1	4.0	3.0	2.2	2.4	3.1	3.8	3.1	3.4
2007	3.0	3.1	3.4	3.3	3.0	3.0	2.8	2.4	2.5	3.3	4.2	4.1	3.1	3.2	3.2
2008	3.8	3.5	3.7	3.5	3.7	4.9	5.3	4.9	4.3	3.3	1.0	0.0	3.9	3.1	3.5
2009	0.1	0.3	-0.5	-0.7	-1.1	-1.4	-2.0	-1.3	-0.8	-0.3	1.2	2.2	-0.6	-0.2	-0.4
2010	1.9	1.4	1.6	1.5	1.3	0.6	0.8	0.7	0.5	0.6	0.9	1.3	1.4	0.8	1.1
2011	1.4	1.9	2.6	3.0	3.2	3.1	2.9	3.0	3.5	3.4	3.2	2.7	2.6	3.1	2.8
2012	2.6	2.5	2.4	2.1	2.0	2.0	1.8	2.1	2.2	2.5	1.9	1.7	2.3	2.0	2.2
2013	1.7	2.0	1.5	1.3	1.3	1.5	1.9	1.5	1.3	0.9	1.3	1.8	1.5	1.4	1.5
2014	1.7	1.3	1.5	1.8	2.3	2.3	2.3	2.1	2.0	2.0	1.7	1.3	1.8	1.9	1.9
2015	0.7	0.9	1.1	1.0	1.2	1.1	1.3	1.3	1.0	1.1	1.5	1.8	1.0	1.3	1.2
2016	2.6	2.1	1.5	1.8	1.5 ^R	1.6 ^R	1.4 ^R	1.5 ^R	2.0	2.3	2.3	2.5	1.9 ^R	2.0	1.9
2017	2.5	3.0	3.1	2.9	2.6	2.5	2.5	2.7	2.9	2.9	3.1	3.1	2.8	2.9	2.8

Table of over-the-year percent increases. An entry for Feb. 2006 indicates the percentage increase from Feb. 2005 to Feb. 2006.

R = Revised