



# New Roads

Spring 2012

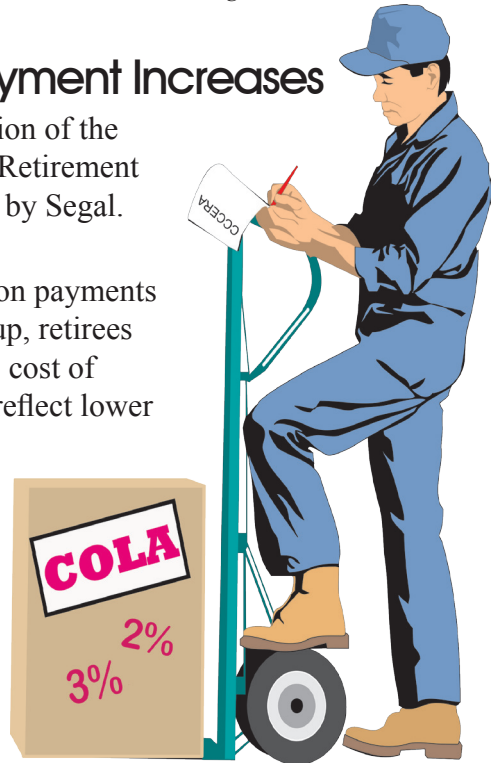
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## 2012 COLA Delivers 2% and 3% Pension Payment Increases

The Segal Company, CCCERA's actuary, presented their determination of the 2012 Cost of Living Adjustments (COLA) at the February 22, 2012 Retirement Board meeting. The Board voted to adopt the COLAs as determined by Segal.

The COLA portion of your benefit helps maintain the value of pension payments in relation to economic conditions. If the annual cost of living goes up, retirees see an increase in the COLA portion of their benefit. However, if the cost of living goes down, the COLA portion of the benefit may decrease to reflect lower marketplace conditions. The cost of living factor used by CCCERA is determined by comparing the December CPI (Consumer Price Indices) for the San Francisco-Oakland-San José area over the past two years (2010 and 2011). Our actuaries compute the resulting percentage change and determine the adjustment figure.

The actual cost of living adjustment is dependent on your previous employment tier and your retirement date. The 1937 Act "caps" the maximum percentage CCCERA can increase the COLA portion of your benefit in any one year. If the inflation rate (measured by the CPI) is higher than this statutory limit, the unused portion is "banked" for future years, and applied if the CPI is lower than the annual maximum. This helps stabilize the COLA from year to year.



**General Members (all Tiers) and Safety Tier A retirees, will receive a**  **3.00% COLA Increase**

**Safety Tier C retirees will receive a**  **2.00% COLA Increase**

The COLA Bank mentioned above has not changed from last year, except for Safety Tier C retirees, who now have a 1% COLA Bank. (For additional discussion of the COLA Bank and how it works, please see the Spring 2006 issue of *New Roads*, posted on our web site, [www.cccera.org](http://www.cccera.org).) The COL adjustments and COLA Bank amounts for each year since 1964 are included in a letter from our actuaries, which is also posted on the web site, on the [Retiree Page](#).

The cost of living adjustment is separate from other benefit enhancements. While some enhancements, such as "New Dollar Power," for members retired prior to 4/1/1982, affect specific groups, all retirees are eligible for the COLA.

**The COLA for 2012 will be applied beginning April 1. You will see the increase on your May 1, 2012 pension payment.**

*Please turn the page . . .*

# How to Estimate Your Cost of Living Adjustment for 2012

Start with your figures from 2011. For example:

Monthly Basic Allowance = \$1,000 (Remember, not all retirees are eligible for *New Dollar Power*)  
*New Dollar Power* = \$ +80 ← *Dollar Power*. See the first page for an explanation of this amount.)  
 \$1,080

For **most** retirees, 2011 COLA was 1.5%:

(\$1080 x .015) = \$ +16.20 ← COLA amount from 2011.  
**2011 Total Monthly Income = \$1,096.20**

2012 COLA is figured on 2011 monthly total shown above: **\$1,096.20**

2012 COLA is 3%.


(\$1,096.20 x .03) = \$ 32.89 ← Add COLA amount to benefits.  
 (\$1,096.20 + \$32.89) = **\$1,129.09**

**\$1,129.09 is the 2012 monthly pension payment.**

Remember, this is an example. Use your own benefit and COLA amounts to figure your personal estimate.

**The COLA will be applied beginning April 1. You will see the increase on your May 1, 2012 pension payment.**

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 After business hours,  
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