



# New Roads

Spring 2013

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[www.cccera.org](http://www.cccera.org)

## Time for 2% and 3% COLA Increases for Retirees

Retirees (and their survivors) received good financial news at the February 13, 2013 Retirement Board Meeting. CCCERA trustees voted to adopt the Cost-of-Living Adjustments (COLA) presented by The Segal Company, our system's actuary.

**Tier 1, Tier 3, and Safety Tier A members who retired on or before April 1, 1985, will receive a 3% COLA increase.**

**Tier 1, Tier 3, and Safety Tier A members who retired after April 1, 1985, will receive a 2% COLA increase.**

**Tier 2, Tier 3 (Disability only), will receive a 2% COLA increase.**

**Safety Tier C will receive a 2% COLA increase.**



The actual cost-of-living adjustment is dependent on your previous employment tier and your retirement date. The 1937 Act statutes "cap" the maximum percentage CCCERA can increase your benefit in any one year. If the inflation rate (measured by the CPI--Consumer Price Index) 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. Tier 1, 3, and Safety A members who retired prior to April 2, 1985 still have banked amounts remaining from prior years, permitting a COLA higher than inflation this year.

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 (2011 and 2012). Our actuaries compute the resulting percentage change and determine the adjustment figure.

For additional information about 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 COLA 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 California Legislature created additional retirement tiers for members entering the system on and after January 1, 2013. Information about the "PEPRA 2013" benefit structure and COLA components are posted on our web site.)

**The COLA for 2013 will be applied beginning April 1. You will see the increase on your May 1, 2013 pension payment.**

*Please turn the page . . .*

# How to Estimate Your Cost-of-Living Adjustment for 2013

Start with your figures from 2012. For example:

Monthly Basic Allowance = \$1,000 (Remember, not all retirees are eligible for *New Dollar Power*)  
*New Dollar Power* = \$ +80 ← *Dollar Power*. This benefit **only applies to members retired prior to 4/1/1982.**  
 \$1,080

For **most** retirees, 2012 COLA was 3%:

( $\$1080 \times .03$ ) = \$ +32.40 ← COLA amount from 2012.  
**2012 Total Monthly Income = \$1,112.40**

2013 COLA is figured on 2012 monthly total shown above: **\$1,112.40**

2013 COLA is 3%.


( $\$1,112.40 \times .03$ ) = \$ 33.37 ← Add COLA amount to benefits.  
 ( $\$1,112.40 + \$33.37$ ) = **\$1,145.77**

**\$1,145.77 is the 2013 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, 2013 pension payment.**

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