



Alameda County Employees' Retirement Association

# 2011 COLA

475 14th Street, Oakland, CA, 94612

Phone: 510-628-3000 • Fax: 510-268-9574 • www.acera.org

## ACERA Retirees & Eligible Payees Receive a COLA each April

Cost of Living Adjustments (COLA) are made to retirees' and eligible payees' monthly allowances every April 1 in accordance with the 1937 Retirement Act. The Consumer Price Index (CPI), the most common measure of inflation, determines the COLA amount ACERA uses. The San Francisco Bay Area December CPI was 1.52% higher in 2010 than it was in 2009. ACERA rounds this percentage to the nearest half percent—this year it's rounded down to 1.5%—and applies it to your COLA.

## COLA is Reflected in Your April 30 Retirement Check

### TIER I Retirees who retired:

04/02/86 to 04/01/11 will receive a 1.5% COLA  
04/02/85 to 04/01/86 will receive a 2.5% COLA  
On or before 04/01/85 will receive a 3.0% COLA

### TIER II Retirees who retired:

04/02/10 to 04/01/11 will receive a 1.5% COLA  
On or before 04/01/10 will receive a 2.0% COLA

### TIER III Retirees (Livermore Area Recreation & Park District)

All Tier III retirees will receive a 1.5% COLA



## What is the Consumer Price Index (CPI)?

The CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services such as food, housing, apparel, transportation, medical care, and education. The CPI is measured by the U.S. Bureau of Labor Statistics, which produces CPI figures for the U.S. as a whole and for major urban areas such as the San Francisco Bay Area. ACERA bases its COLA on the CPI for the Bay Area.

## COLA Maximums and COLA Bank

The maximum statutory annual COLA increase is 3% for Tier I and Tier III members and 2% for Tier II members. In years where the CPI increase is greater than these percentages, the difference between your maximum and the rounded CPI increase is banked for future years. The banked percentage is used in years when the COLA is less than the maximum, like this year.

Tier I members who retired on or before April 1, 1985 have at least 1.5% percent in their COLA bank, and will therefore receive the maximum Tier I COLA of 3.0%. Tier I member who retired April 2, 1985 to April 1, 1986, have 1% in their COLA bank, and will therefore receive a 2.5% COLA.

Tier II members who retired on or before April 1, 2010 have at least .5% in their COLA bank, and will therefore receive the maximum Tier II COLA of 2%.

The following members had no percentage in their COLA bank, and will receive the 1.5% for 2011:

- Tier I members who retired on or after April 2, 1986
- Tier II members who retired on or after April 2, 2010
- All Tier III retirees

# Supplemental COLA

## Helping Long Retired Members Keep Up With Inflation

The Supplemental Cost of Living Adjustment (COLA) is a non-vested (non-guaranteed) benefit which is evaluated and reauthorized annually by the Board of Retirement. It is funded by the Supplemental Retiree Benefits Reserve (SRBR).

The goal of the Supplemental COLA is to maintain retirees' purchasing power at no less than 85% of their original retirement allowance. What this means: if it takes more than \$1.15 today to purchase what \$1.00 would purchase at the time of your retirement, you've lost at least 15% of your buying power. When this occurs, you may qualify for a Supplemental COLA to make up the difference and bring you back to 85% of your buying power.

### How You Qualify

As noted on the front side, annual CPI increases that exceed the maximum legal percentage for your tier (2% or 3%) are banked for use in years that the CPI increase is below the maximum. So if the CPI is 4% and you can only get a 3% COLA, then 1% goes in your COLA bank. If you have a banked amount of more than 15%, you qualify to receive Supplemental COLA.



### Who Gets a Supplemental COLA on April 30?

Tier I members who retired on or before April 1, 1981 and Tier II members who retired on or before April 1, 1991, will receive a Supplemental COLA because they have a banked amount of more than 15%. Beneficiaries receiving a continuance from these members will also receive a Supplemental COLA.

Tier I retirees who retired April 2, 1981 to April 1, 1982 will not receive a Supplemental COLA this year because they now have a banked amount of less than 15%.

### How Much Supplemental COLA Will You Receive?

Your Supplemental COLA will be calculated individually each year based on your original retirement benefit, any accumulated COLA, and the percentage you have in the COLA bank.

Your Supplemental COLA amount from the previous year has no connection with your new Supplemental COLA amount.

## COLA QUESTIONS?

Call ACERA toll free at **1-800-838-1932**