



February 7, 2018

To: Members of the Retirees Committee

From: George Wood, Vice Chair

**Subject: Summary of the February 7, 2018 Retirees Committee Meeting**

Committee Vice Chair George Wood called the February 7, 2018 meeting to order at 10:45 a.m. Committee members present were George Wood, Keith Carson and Dale Amaral. Also present were Ophelia Basgal, Tarrell Gamble, Henry Levy, Elizabeth Rogers, and alternate members Nancy Reilly and Darryl Walker. Staff present were David Nelsen, Chief Executive Officer; Kathy Foster, Assistant Chief Executive Officer; Margo Allen, Fiscal Services Officer; Kathy Mount, Chief Counsel; Sandra Dueñas-Cuevas, Benefits Manager; and Harsh Jadhav, Chief of Internal Audit.

### **ACTION ITEMS**

#### **1. Annual Supplemental Cost of Living Adjustment**

Staff provided information regarding the Supplemental Cost of Living Adjustment (COLA) benefit. The Supplemental COLA is provided to retirees who have an accumulated loss of purchasing power of 15% due to inflation. For 2017, there were approximately 328 retirees/payees receiving this benefit at a cost of \$1,229,030.36. Based on the accumulated loss of purchasing power as of December 31, 2017, those Tier 1 members who retired on or before April 1, 1981, and those Tier 2 members who retired on or before April 1, 1998, will receive the Supplemental COLA increase effective with their April 1, 2018 monthly allowance.

It was moved by Tarrell Gamble and seconded by Ophelia Basgal that the Retirees Committee recommend to the Board of Retirement that it adopts the Supplemental Cost of Living Adjustment increase for Tier I members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1998, effective with the April 1, 2018 monthly retirement allowance.

The motion carried 7 yes (*Amaral, Basgal, Gamble, Levy, Reilly, Rogers, Wood*), 0 no, 0 abstentions.

### **INFORMATION ITEMS**

#### **1. Annual Cost of Living Adjustment for 2018**

Staff reported that based on information provided by Segal Consulting, ACERA's actuaries, the Cost of Living Adjustment effective April 1, 2018 results in the maximum increase of 3.0% for all Tier 1 and Tier 3 retirees/payees, and all Tier 2 and Tier 4

retirees/payees will receive 2.0%. The Consumer Price Index (CPI) calculation resulted in a change of 2.94%. According to Government Code Sections 31870 and 31870.1, the percentage change should be rounded to the nearest one-half percent, which is 3.00%. The 1% difference between the 3.00% and the 2% maximum COLA adjustment allowed for Tiers 2 and 4 will be banked.

## **2. Annual Health Planning Meeting with Retiree Representative/Date Announcement**

Staff presented information regarding the purpose and plans for ACERA's annual health planning meeting with Trustees, retiree representatives, Benefits Consultants, and the County of Alameda, scheduled for March 15, 2018.

## **3. Miscellaneous Updates**

Staff did not have any updates to report.

## **RECOMMENDATIONS**

### **1. Annual Supplemental Cost of Living Adjustment**

The Committee recommends, and I move that the Board of Retirement adopts the Supplemental Cost of Living Adjustment increase for Tier I members who retired on or before April 1, 1981, and Tier 2 members who retired on or before April 1, 1998, effective with the April 1, 2018 monthly retirement allowance. This annual supplemental benefit is non-vested and is funded by the Supplemental Retiree Benefit Reserve.

## **TRUSTEE REMARKS**

None.

## **PUBLIC INPUT**

None.

## **FUTURE DISCUSSION ITEMS**

None.

## **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for April 4, 2018 at 10:30 a.m.

## **MEETING ADJOURNED**

The meeting adjourned at 10:52 a.m.