

***Via Electronic Mail***

January 22, 2019

Mr. Greg Levin  
Chief Executive Officer  
Santa Barbara County Employees' Retirement System  
3916 State Street, Suite 210  
Santa Barbara, CA 93105

***Re: Cost-of-Living Adjustment (COLA) as of April 1, 2019***

Dear Greg:

Pursuant to the scope of retainer services under Cheiron's agreement to provide actuarial services to the Santa Barbara County Employees' Retirement System (SBCERS), we have computed the Cost-of-Living Adjustment (COLA) percentages to be used as of April 1, 2019. The calculations outlined herein have been performed in accordance with Article 16.5 of the County Employees Retirement Law of 1937 (CERL).

***Background***

The Cost-of-Living adjustment (COLA) is determined annually based on increases in the Annual Average Consumer Price Index (CPI) for All Urban Consumers in the Los Angeles-Long Beach-Anaheim, CA using a base period of 1982-1984. The ratio is calculated, and rounded to the nearest one-half percent.

***COLA Calculations***

The CPIs described above were 265.962 and 256.210 for calendar year 2018 and 2017, respectively. This represents an increase of 3.806%, which is rounded to 4.0%.

***CERL Section 31870.1***

Retirees - with the exception of members of General Plan 2, General Plan 7, and General Plan 8 (PEPRA) whose employer had implemented General Plan 7 prior to January 1, 2013 - are subject to the provisions of Section 31870.1, which limits annual COLA increases to 3.0% annually. Therefore, these members should receive a 3% increase in their monthly benefit, based on the current year change in the CPI and the annual COLA limit. Accumulated carry-over balances will be increased by 1.0% and used in future COLA calculations when the change in CPI is less than 3.0%.

### **CERL Section 31870**

General Plan 7 and General Plan 8 (PEPRA) retirees whose employer had implemented General Plan 7 prior to January 1, 2013 are subject to the provisions of Section 31870, which limits the annual COLA increases to 2.0% annually. As of April 1, 2019, retired members under Section 31870 should receive a 2% increase in their monthly benefit, based on the current year change in the CPI and the applicable maximum annual COLA increase. Accumulated carry-over balances will be increased by 2.0% and used in future COLA calculations when the change in CPI is less than 2.0%.

The attached exhibit summarizes the COLA calculations and carry-over balances for members subject to either Section 31870.1 or Section 31870.

General Plan 2 members do not receive any COLA under Article 16.5 of the CERL.

This letter was prepared exclusively for SBCERS for the purpose described herein. This letter is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Please contact us, if you have any questions regarding these calculations.

Sincerely,  
Cheiron



Anne D. Harper, FSA, EA, MAAA  
Consulting Actuary

Attachment

cc: Brian Richard  
Kaleigh Ganske  
Graham Schmidt, ASA, FCA, EA, MAAA  
Heather Fantz, ASA, EA, MAAA

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 COST OF LIVING ADJUSTMENTS (COLA) - Section 31870.1  
 All Plans Except General Plan 2, General Plan 7, and Certain General Plan 8 (PEPRA)<sup>1</sup>  
 As of April 1, 2019

Maximum Annual COLA: 3.0%

Initial Retirement Date	April 1, 2018		Increase in the		April 1, 2019	
	Accumulated Carry-Over (A)	Annual Average CPI <sup>2</sup>		COLA (D)	Accumulated Carry-Over (E)	
		Actual (B)	Rounded (C)			
On or Before 04/01/1981	Varies <sup>3</sup>	3.81%	4.0%	<b>3.0%</b>	Varies <sup>3</sup>	
04/02/1981 to 04/01/1982	4.5%	3.81%	4.0%	<b>3.0%</b>	5.5%	
04/02/1982 to 04/01/1983	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1983 to 04/01/1984	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1984 to 04/01/1985	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1985 to 04/01/1986	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1986 to 04/01/1987	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1987 to 04/01/1988	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1988 to 04/01/1989	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1989 to 04/01/1990	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1990 to 04/01/1991	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1991 to 04/01/1992	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1992 to 04/01/1993	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1993 to 04/01/1994	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1994 to 04/01/1995	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1995 to 04/01/1996	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1996 to 04/01/1997	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1997 to 04/01/1998	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1998 to 04/01/1999	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/1999 to 04/01/2000	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2000 to 04/01/2001	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2001 to 04/01/2002	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2002 to 04/01/2003	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2003 to 04/01/2004	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2004 to 04/01/2005	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2005 to 04/01/2006	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2006 to 04/01/2007	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2007 to 04/01/2008	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2008 to 04/01/2009	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2009 to 04/01/2010	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2010 to 04/01/2011	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2011 to 04/01/2012	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2012 to 04/01/2013	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2013 to 04/01/2014	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2014 to 04/01/2015	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2015 to 04/01/2016	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2016 to 04/01/2017	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2017 to 04/01/2018	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	
04/02/2018 to 04/01/2019	0.0%	3.81%	4.0%	<b>3.0%</b>	1.0%	

<sup>1</sup> General Plan 8 members whose employer had implemented General Plan 7 prior to January 1, 2013

<sup>2</sup> All Urban Consumers, Los Angeles-Long Beach-Anaheim, CA (1982-84 base). (G.C. 31870.1)

<sup>3</sup> The Accumulated Carry-Over amount for members retired on or before 4/1/1981 varies due to the Ad Hoc Cost-of-Living effective June 30, 2007. Please refer to Milliman's letter dated July 18, 2008 for more information.



SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 COST OF LIVING ADJUSTMENTS (COLA) - Section 31870  
 General Plan 7, and Certain General Plan 8 (PEPRA)<sup>1</sup>  
 As of April 1, 2019

Maximum Annual COLA: 2.0%

Initial Retirement Date	April 1, 2018	Increase in the		April 1, 2019	
	Accumulated Carry-Over (A)	Annual Average CPI <sup>2</sup>		COLA (D)	Accumulated Carry-Over (E)
		Actual (B)	Rounded (C)		
04/02/2013 to 04/01/2014	1.0%	3.81%	4.0%	<b>2.0%</b>	3.0%
04/02/2014 to 04/01/2015	1.0%	3.81%	4.0%	<b>2.0%</b>	3.0%
04/02/2015 to 04/01/2016	1.0%	3.81%	4.0%	<b>2.0%</b>	3.0%
04/02/2016 to 04/01/2017	1.0%	3.81%	4.0%	<b>2.0%</b>	3.0%
04/02/2017 to 04/01/2018	1.0%	3.81%	4.0%	<b>2.0%</b>	3.0%
04/02/2018 to 04/01/2019	0.0%	3.81%	4.0%	<b>2.0%</b>	2.0%

<sup>1</sup> General Plan 8 members whose employer had implemented General Plan 7 prior to January 1, 2013

<sup>2</sup> All Urban Consumers, Los Angeles-Long Beach-Anaheim, CA (1982-84 base). (G.C. 31870.1)