

Via Electronic Mail

January 27, 2017

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, 2017

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, 2017. 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-Riverside-Orange County area, 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 249.246 and 244.632 for calendar year 2016 and 2015, respectively. This represents an increase of 1.886%, which is rounded to 2.0%.

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 an increase in benefits of 2.0%, based on the current year change in the CPI. However, based on the accumulated carry-over balances as of April 1, 2016, some retirees who retired prior to April 2, 1982 will receive an increase of up to 3.0%, depending on their accumulated carry-over balances. The remaining carry-over balances will then be reduced by up to 1.0%.

The attached exhibit summarizes the COLA calculations and carry-over balances for Plans subject to Section 31870.1 only.

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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. There was one retired member under Section 31870 as of April 1, 2016, and since there are no accumulated carry-over balances, they should receive an increase in benefits of 2.0%. If any members under Section 31870 retired between April 2, 2016 and April 1, 2017, they should receive an increase in benefits of 2.0%, based on the current year change in the CPI.

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
Consulting Actuary

Attachment

cc: Graham Schmidt
Heather Fantz



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)¹
 As of April 1, 2017

Maximum Annual COLA: 3.0%

Initial Retirement Date	April 1, 2016		Increase in the		April 1, 2017	
	Accumulated Carry-Over (A)	Annual Average CPI ²		COLA (D)	Accumulated Carry-Over (E)	
		Actual (B)	Rounded (C)			
On or Before 04/01/1981	Varies ³	1.89%	2.0%	3.0%	Varies ³	
04/02/1981 to 04/01/1982	5.5%	1.89%	2.0%	3.0%	4.5%	
04/02/1982 to 04/01/1983	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1983 to 04/01/1984	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1984 to 04/01/1985	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1985 to 04/01/1986	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1986 to 04/01/1987	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1987 to 04/01/1988	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1988 to 04/01/1989	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1989 to 04/01/1990	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1990 to 04/01/1991	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1991 to 04/01/1992	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1992 to 04/01/1993	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1993 to 04/01/1994	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1994 to 04/01/1995	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1995 to 04/01/1996	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1996 to 04/01/1997	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1997 to 04/01/1998	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1998 to 04/01/1999	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/1999 to 04/01/2000	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2000 to 04/01/2001	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2001 to 04/01/2002	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2002 to 04/01/2003	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2003 to 04/01/2004	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2004 to 04/01/2005	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2005 to 04/01/2006	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2006 to 04/01/2007	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2007 to 04/01/2008	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2008 to 04/01/2009	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2009 to 04/01/2010	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2010 to 04/01/2011	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2011 to 04/01/2012	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2012 to 04/01/2013	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2013 to 04/01/2014	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2014 to 04/01/2015	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2015 to 04/01/2016	0.0%	1.89%	2.0%	2.0%	0.0%	
04/02/2016 to 04/01/2017	0.0%	1.89%	2.0%	2.0%	0.0%	

¹ General Plan 8 members whose employer had implemented General Plan 7 prior to January 1, 2013.

² All Urban Consumers, Los Angeles-Riverside-Orange Co. CA (1982-84 base) (G.C. 31870.1).

³ 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.

