



Board of Retirement Regular Meeting

Sacramento County Employees' Retirement System

Agenda Item 7

MEETING DATE: February 21, 2024

SUBJECT: Annual Cost-of-Living Adjustment (COLA)

SUBMITTED FOR: Consent Deliberation and Action Receive and File

RECOMMENDATION

Approve cost-of-living adjustments (COLA) effective April 1, 2024, as follows:

- Miscellaneous Tier 1 and Safety Tier 1:
 - with retirement date between 4/1/2023 and 3/31/2024, the COLA increase is 3.5%.
 - with retirement date on or before 3/31/2023, the COLA increase is 4.0%.
- Miscellaneous Tiers 3, 4, and 5, and Safety Tiers 2, 3, and 4:
 - with retirement date on or before 3/31/2024, the COLA increase is 2.0%.
- Miscellaneous Tier 2: No COLA

PURPOSE

This item supports the Strategic Management Plan objective to promote transparency, fairness, and compliance with laws and regulations.

DISCUSSION

Staff has determined and Segal has certified the cost-of-living adjustments in accordance with Sections 31870 and 31874.2 of the Government Code.

The cost-of-living factor to be used effective April 1, 2024, is determined by comparing the annual average consumer price index (CPI) for the San Francisco-Oakland-Hayward Area (with 1982-84 as the base period) in each of the past two years. The ratio of the past two annual average indices, 339.050 in 2023 and 327.060 in 2022 is 1.0367. The statutes cited above indicate that the resulting percentage change of 3.67% should be rounded to the nearest one-half percent, which is 3.5%.

The actual cost-of-living adjustment is dependent on plan, tier, and date of retirement.

Additional information can be found in the attached Segal COLA Letter and on the SCERS' website at <https://www.scers.org/retiree-cola>.

ATTACHMENTS

- Board Order
- Segal COLA Letter

Prepared by:

/s/

Margo Allen
Chief Operations Officer

Reviewed by:

/s/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
February 21, 2024

AGENDA ITEM:

Annual Cost-of-Living Adjustment (COLA)

THE BOARD OF RETIREMENT hereby approves Staff's recommendation to approve COLA adjustments effective April 1, 2024, as follows:

- Miscellaneous Tier 1 and Safety Tier 1:
 - with retirement date between 4/1/2023 and 3/31/2024, the COLA increase is 3.5%.
 - with retirement date on or before 3/31/2023, the COLA increase is 4.0%.
- Miscellaneous Tiers 3, 4, and 5, and Safety Tiers 2, 3, and 4:
 - with retirement date on or before 3/31/2024, the COLA increase is 2.0%.
- Miscellaneous Tier 2: No COLA

I HEREBY CERTIFY that the above order was passed and adopted on February 21, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:



Retirement Board Order

Sacramento County Employees' Retirement System

ALTERNATES:
(Present but not voting)

James Diepenbrock
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary
T 415.263.8283
ayeung@segalco.com

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com

Via Email

January 19, 2024

Mr. Eric Stern
Chief Executive Officer
Sacramento County Employees' Retirement System
980 9th Street, Suite 1900
Sacramento, CA 95814-2738

**Re: Sacramento County Employees' Retirement System (SCERS)
Cost-of-Living Adjustments (COLA) as of April 1, 2024**

Dear Eric:

We have determined the cost-of-living adjustments for the System in accordance with Sections 31874.2 and 31870, as provided in the enclosed exhibits.

The cost-of-living factor to be used by the System on April 1, 2024 is determined by comparing the annual average CPI for the San Francisco-Oakland-Hayward Area (with 1982-84 as the base period), as published by the Bureau of Labor Statistics, in each of the past two years. The ratio of the past two annual indices, 339.050 in 2023 and 327.060 in 2022, is 1.0367. The County Law sections cited above indicate that the resulting percentage change of 3.67% should be rounded to the nearest one-half percent, which is 3.5%.

Please note the above cost-of-living adjustments calculated using established procedures for SCERS may result in adjustments different from those calculated using alternative procedures by other systems.

Except for members in Miscellaneous Tier 2 who are ineligible for any adjustments, the actual cost-of-living adjustment for members in other tiers is dependent on tier and date of retirement. The CPI adjustment to be applied on April 1, 2024 is provided in Column (4) of the enclosed exhibits. The COLA banks are provided in Column (5).

Please give us a call if you have any questions.

Sincerely,

A handwritten signature in dark ink that reads "Andy Yeung".

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

bts/hy
Enclosures

Sacramento County Employees' Retirement System Cost-of-Living Adjustment (COLA) as of April 1, 2024

Miscellaneous and Safety Tier 1
(Section 31874.2 – Maximum Annual COLA of 4.0%)

Retirement Date	April 1, 2023 Accumulated Carry-Over (1)	CPI Change ¹ (2)	CPI Rounded ² (3)	CPI Used ³ (4)	April 1, 2024 Accumulated Carry-Over ⁴ (5)
Before 07/01/1967	26.5%	3.67%	3.5%	4.0%	26.0%
07/01/1967 to 06/30/1968	26.0%	3.67%	3.5%	4.0%	25.5%
07/01/1968 to 03/31/1969	25.0%	3.67%	3.5%	4.0%	24.5%
04/01/1969 to 03/31/1970	22.5%	3.67%	3.5%	4.0%	22.0%
04/01/1970 to 03/31/1971	20.0%	3.67%	3.5%	4.0%	19.5%
04/01/1971 to 03/31/1972	18.0%	3.67%	3.5%	4.0%	17.5%
04/01/1972 to 03/31/1973	17.0%	3.67%	3.5%	4.0%	16.5%
04/01/1973 to 03/31/1974	16.5%	3.67%	3.5%	4.0%	16.0%
04/01/1974 to 03/31/1975	13.5%	3.67%	3.5%	4.0%	13.0%
04/01/1975 to 03/31/1976	6.5%	3.67%	3.5%	4.0%	6.0%
04/01/1976 to 03/31/2023	1.5%	3.67%	3.5%	4.0%	1.0%
04/01/2023 to 03/31/2024		3.67%	3.5%	3.5%	0.0%

¹ Based on ratio of 2023 annual average CPI to 2022 annual average CPI for the San Francisco - Oakland - Hayward Area.

² Based on CPI change rounded to nearest one-half percent.

³ These are the cost-of-living adjustment factors to be applied on April 1, 2024.

⁴ These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2024.

Sacramento County Employees' Retirement System Cost-of-Living Adjustment (COLA) as of April 1, 2024

Miscellaneous Tiers 3, 4, and 5, and Safety Tiers 2, 3, and 4
(Section 31870 – Maximum Annual COLA of 2.0%)

Retirement Date	April 1, 2023 Accumulated Carry-Over (1)	CPI Change ¹ (2)	CPI Rounded ² (3)	CPI Used ³ (4)	April 1, 2024 Accumulated Carry-Over ⁴ (5)
Before 04/01/1997	23.0%	3.67%	3.5%	2.0%	24.5%
04/01/1997 to 03/31/1998	22.5%	3.67%	3.5%	2.0%	24.0%
04/01/1998 to 03/31/1999	21.0%	3.67%	3.5%	2.0%	22.5%
04/01/1999 to 03/31/2000	20.0%	3.67%	3.5%	2.0%	21.5%
04/01/2000 to 03/31/2001	18.0%	3.67%	3.5%	2.0%	19.5%
04/01/2001 to 03/31/2002	15.5%	3.67%	3.5%	2.0%	17.0%
04/01/2002 to 03/31/2007	13.5%	3.67%	3.5%	2.0%	15.0%
04/01/2007 to 03/31/2008	12.5%	3.67%	3.5%	2.0%	14.0%
04/01/2008 to 03/31/2012	12.0%	3.67%	3.5%	2.0%	13.5%
04/01/2012 to 03/31/2013	11.5%	3.67%	3.5%	2.0%	13.0%
04/01/2013 to 03/31/2015	11.0%	3.67%	3.5%	2.0%	12.5%
04/01/2015 to 03/31/2016	10.0%	3.67%	3.5%	2.0%	11.5%
04/01/2016 to 03/31/2017	9.5%	3.67%	3.5%	2.0%	11.0%
04/01/2017 to 03/31/2018	8.5%	3.67%	3.5%	2.0%	10.0%
04/01/2018 to 03/31/2019	7.5%	3.67%	3.5%	2.0%	9.0%
04/01/2019 to 03/31/2020	5.5%	3.67%	3.5%	2.0%	7.0%
04/01/2020 to 03/31/2022	4.5%	3.67%	3.5%	2.0%	6.0%
04/01/2022 to 03/31/2023	3.5%	3.67%	3.5%	2.0%	5.0%
04/01/2023 to 03/31/2024		3.67%	3.5%	2.0%	1.5%

¹ Based on ratio of 2023 annual average CPI to 2022 annual average CPI for the San Francisco - Oakland - Hayward Area.

² Based on CPI change rounded to nearest one-half percent.

³ These are the cost-of-living adjustment factors to be applied on April 1, 2024.

⁴ These are the carry-over of the cost-of-living adjustments that have not been used on April 1, 2024.