

***Via Electronic Mail***

January 20, 2020

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, 2020***

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, 2020. 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 274.114 and 265.962 for calendar year 2019 and 2018, respectively. This represents an increase of 3.065%, which is rounded to 3.0%.

***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 remain level and will be 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, 2020, 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 1.0% and will be 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. Other users of this letter are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.

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

Sincerely,  
Cheiron



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

Attachment

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