

COLA 2011

COST-OF-LIVING RETIREE BENEFIT ADJUSTMENT

1.5 PERCENT RETIREE COLA APPROVED FOR 2011

At its February 10th meeting, the Board of Retirement (BOR) approved a 2011 cost-of-living adjustment (COLA) for retirees and eligible survivors effective April 1, 2011. The BOR determined the difference between the December 2009 and December 2010 cost of living, as reflected in the Bureau of Labor Statistics Consumer Price Index (CPI), was 1.3 percent. When rounded to the nearest one-half of one percent, as prescribed by law, the difference becomes 1.5 percent.

One-and-a-half percent is less than the maximum increase allowed in LACERA retirement plans. **The maximum allowable increase in Plan A is 3.0 percent. In Plans B, C, D, and E, the maximum allowable increase is 2.0 percent.**



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COLA ACCUMULATION

In years where the COLA percentage exceeds the maximum allowable, the excess percentage is accumulated to supplement future COLA benefits. The accumulated percentage carryover is known as the COLA Accumulation. LACERA uses the COLA Accumulation to fund the maximum increase allowable under each Plan. Qualified retirees and eligible survivors will draw from their COLA Accumulations to supplement this year's 1.5 percent adjustment in order to receive the maximum percentage increase allowed under their respective Plans.

2011 COLA Adjustment: Effect on Retirees & Survivors

| Retirement Plan | Retirement Date* | 2011 COLA Adjustment | Withdrawal from COLA Accumulation | Total 2011 COLA Increase |
|-----------------|------------------|----------------------|-----------------------------------|--------------------------|
| Plan A | Prior to 4/1/88 | 1.5% | 1.5% | 3.0% |
| Plan A | 4/1/88 – 3/31/05 | 1.5% | 0.4% | 1.9% |
| Plan A | 4/1/05 – 3/31/11 | 1.5% | 0.0% | 1.5% |
| Plan B, C, D | 4/1/77 – 3/31/07 | 1.5% | 0.5% | 2.0% |
| Plan B, C, D | 4/1/07 – 3/31/08 | 1.5% | 0.2% | 1.7% |
| Plan B, C, D | 4/1/08 – 3/31/11 | 1.5% | 0.0% | 1.5% |
| Plan E** | 6/4/02 – 3/31/07 | 1.5% | 0.5% | 2.0% |
| Plan E | 4/1/07 – 3/31/08 | 1.5% | 0.2% | 1.7% |
| Plan E | 4/1/08 – 3/31/11 | 1.5% | 0.0% | 1.5% |

ATTENTION:

The 2011 COLA is effective April 1

and will be reflected in your April 30 retirement allowance.

The chart indicates certain groups of members in each Plan have no COLA Accumulations from which to draw; others have only enough to partially supplement this year's COLA.

*Retirement date also applies to survivors of LACERA retirees who died during that period.

**Plan E COLA increases apply only to service credit earned after June 4, 2002. Plan E members who retired after June 4, 2002 will receive up to a 2.0 percent COLA increase. The portion of the 2.0 percent COLA is based upon a ratio defined as the months of service earned after June 4, 2002, divided by the total months of service.



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