

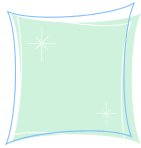


SCERA Retirement Board

Cost of Living Adjustment (COLA)

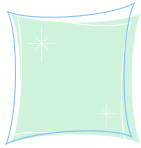
Information

March 23, 2023



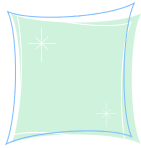
SCERA COLA History

- SCERA's Ad Hoc COLA program - provides a Purchasing Power COLA to bring retirees back to 80% of their purchasing power measured by annual CPI changes for SCERA's geographic region, compounded, minus any COLAs previously given. COLAs must be funded with excess earnings pursuant to Government Code section 31874.6
- Annually SCERA analyzes its reserve balances and loss of purchasing power for its benefit recipients and, if conditions warrant, recommends COLAs for adoption by the Board of Supervisors
- SCERA had been recommending COLAs in varying amounts up through 2008, which were approved by the Board of Supervisors
- Since 2008, SCERA's reserve balances precluded COLA recommendations and in 2017 the COLA policy was amended in acknowledgement of the unlikelihood of granting a purchasing power COLA under existing circumstances



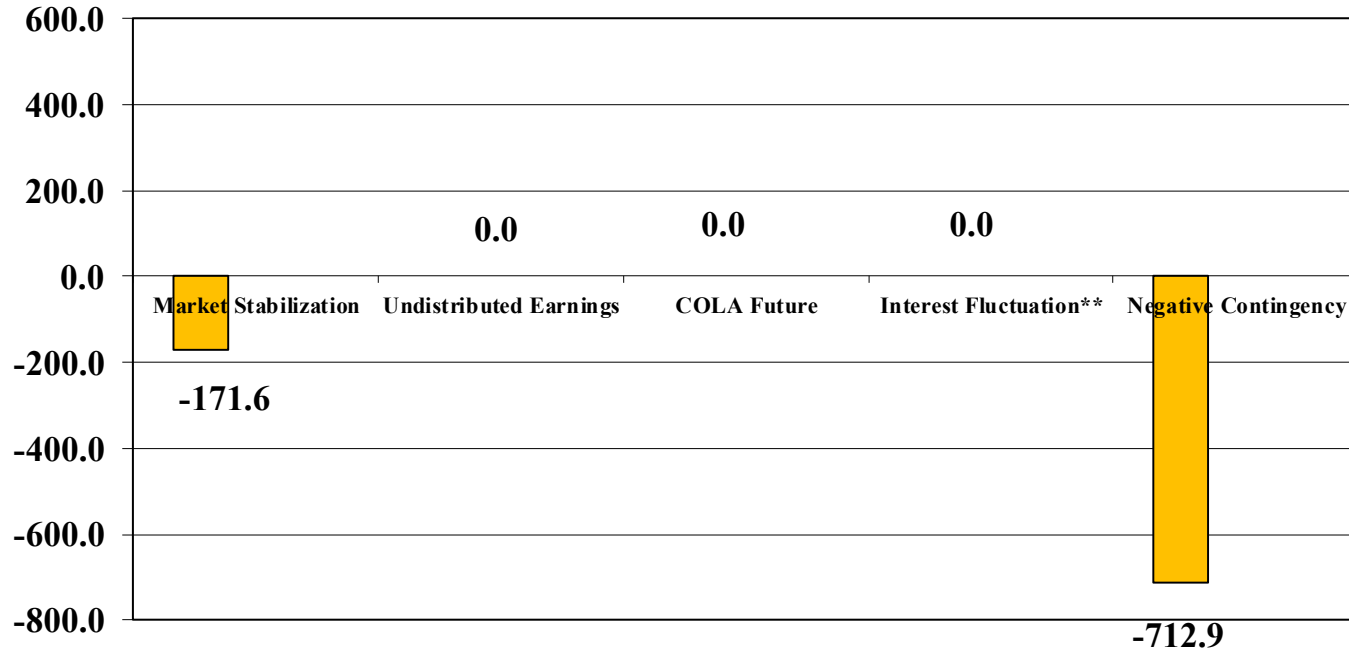
SCERA COLA Policy

- **Current Ad hoc COLA Policy**
 - If a review of funding sources results in the inability to recommend a COLA due to the insufficiency of those sources, SCERA will prepare a financial analysis of its reserve balances and benefit recipient loss of purchasing power and present it to the Retirement Board
 - SCERA will communicate the results of the financial analysis to the Board of Supervisors and the Sonoma County Association of Retired Employees

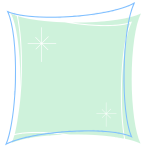


SCERA COLA Information

Statutory Reserves*



* Market Stabilization Reserve and Negative Contingency Reserve net to -\$884.5M as of 9-30-2022. Interest Fluctuation at 3% Policy Limit requires \$95.3M balance.

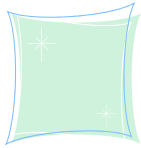


SCERA COLA Information

CPI Change 2008 - 2021

Year	CPI Change	CPI Rounded to nearest .5%
2008	0	0
2009	2.6%	2.5%
2010	1.5%	1.5%
2011	2.9%	3.0%
2012	2.2%	2.0%
2013	2.6%	2.5%
2014	2.7%	2.5%
2015	3.2%	3.0%
2016	3.5%	3.5%
2017	2.9%	3.0%
2018	4.5%	4.5%
2019	2.5%	2.5%
2020	2.0%	2.0%
2021	4.2%	4.0%
2022	4.9%	5.0%
Cumulative Total	42.2%	41.5%

CPI Change represents the annual year over year change and is not compounded

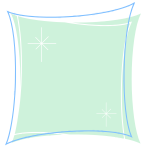


SCERA COLA Information

COLA % to reach 80% PP

Year Retired	Avg. COLA % Needed to Reach 80% PP	# of Prospective Recipients
Prior to 4/98	50.60%	763
4/98 to 4/99	49.50%	129
4/99 to 4/01	46.60%	294
4/01 to 4/02	40.30%	141
4/02 to 4/04	36.90%	173
4/04 to 4/05	34.90%	306
4/05 to 4/06	32.30%	219
4/06 to 4/07	29.70%	194
4/07 to 4/08	25.30%	217
4/08 to 4/10	20.50%	363
4/10 to 4/11	17.50%	306
4/11 to 4/12	15.80%	307
4/12 to 4/13	12.40%	298
4/13 to 4/14	10.20%	183
4/14 to 4/15	7.50%	217
4/15 to 4/16	4.90%	212
4/16 to 4/17	1.80%	241
4/17 to present	No COLA	1303
		5866

COLA % Needed to Reach 80% PP is equal to the annual loss of purchasing power compounded from the date of retirement to the present minus the COLAs already given



SCERA COLA Information

Estimated COLA Cost

- Estimated COLA cost under current policy if unapportioned earnings available
 - Estimated \$884.5M to fill Negative Contingency Reserve, net of Market Stabilization Reserve, plus
 - \$95.3M to fund Interest Fluctuation Reserve to 3%, plus
 - Estimated \$281.2M to fund 80% PP COLA
 - Estimated Total = \$1.26B