



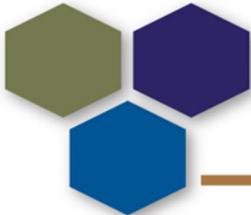
Advisory Committee on Retirement Matters Meeting: April Meeting Follow up Items

May 15, 2014

Mark Randall & Leslee Hardy

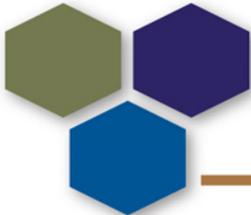
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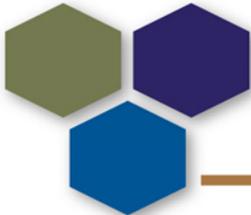
Current COLA Options

- ◆ 30%, 50% or 70% of CPI-U
- ◆ Repeating COLAs are advance funded over each active employee's working career
- ◆ Ad-hoc COLAs are funded when granted over 15 years with level dollar amortization



COLAs are Retroactive

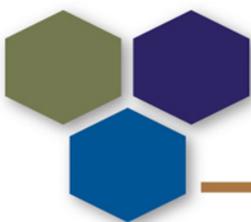
- ◆ Increases are calculated as if COLA had always been in effect since date of retirement
 - ▶ Typically referred to as “catch up” provision
- ◆ Initial COLA or an increase in CPI percent results in large benefit increases for the year adopted; longer retired, higher the increase
- ◆ Reduction in CPI percent results in lower or no increase until cumulative increase at lower percent exceeds current benefit; longer retired, longer until another increase will be granted



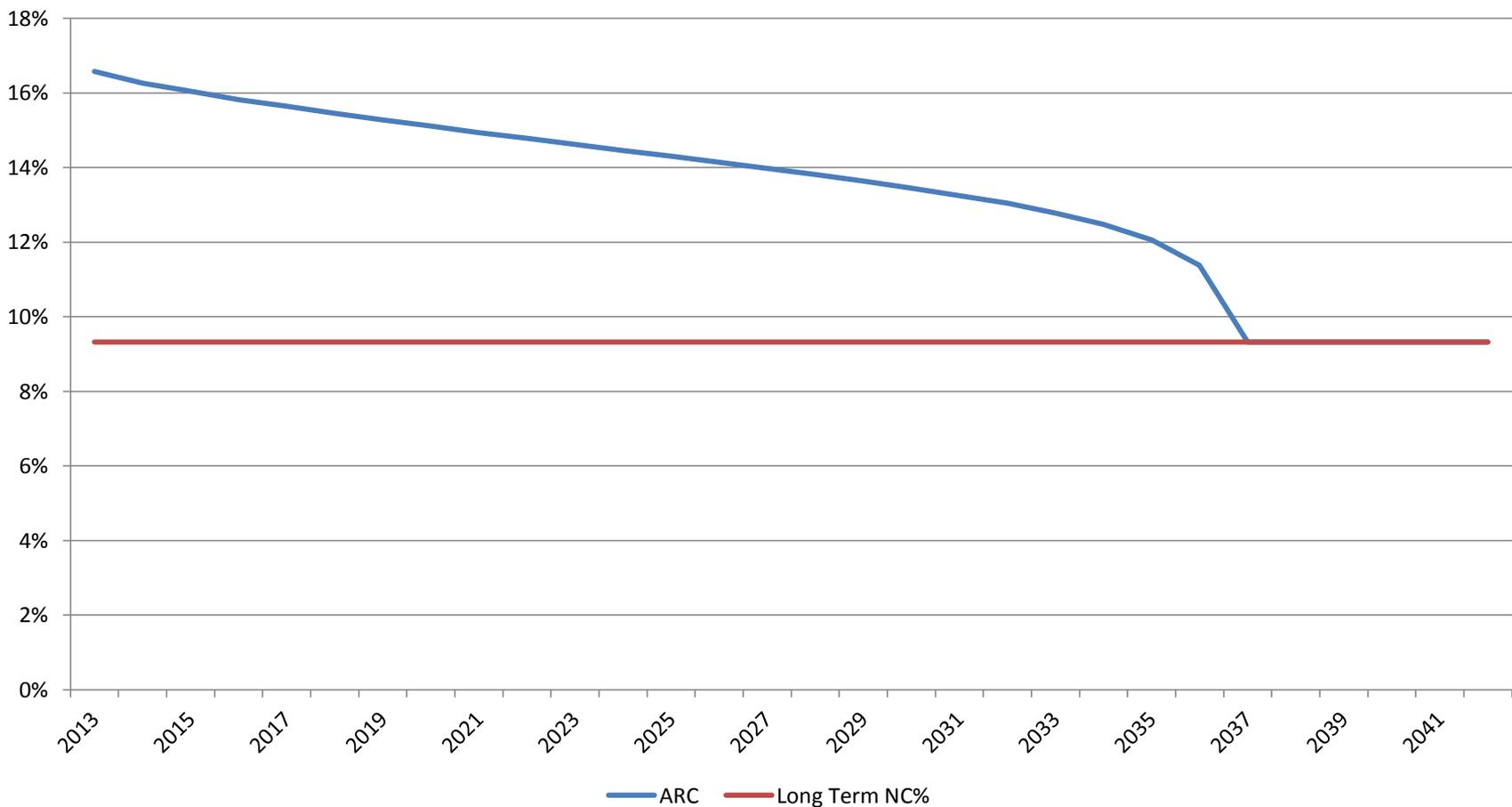
Example Repeating Provisions

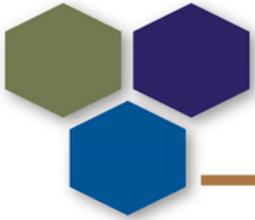
	Baseline * (No COLA)	70% CPI Repeating without Catch-up	70% CPI Repeating with Catch-up
UAAL	\$12,282,015	\$52,951,303	\$ 58,041,975
Funded Ratio	93.9%	78.1%	76.5%
ER Current Service %	4.41%	6.23%	6.23%
Prior Service %	<u>2.12%</u>	<u>6.17%</u>	<u>6.68%</u>
Full Rate	6.53%	12.40%	12.91%
Estimated Contribution	\$4,248,682	\$8,067,942	\$8,399,769
Annual Cost to Provide COLA		\$3,819,260	\$4,151,086

* City has never adopted a COLA



Current Retirees 70% CPI with New Retirees at 50% CPI





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