

Via Electronic Mail

January 19, 2024

Mr. Greg Levin
Chief Executive Officer
Santa Barbara County Employees' Retirement System
130 Robin Hill Road, Suite 100
Goleta, California 93117

Re: Cost-of-Living Adjustment (COLA) as of April 1, 2024

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, 2024. The calculations outlined herein have been performed in accordance with Article 16.5 of the County Employees Retirement Law of 1937 (CERL).

Background

The 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, California area 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 321.583 and 310.782 for calendar year 2023 and 2022, respectively. This represents an increase of 3.475%, which is rounded to 3.5%.

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 3.0% increase in their monthly benefit, based on the current year change in the CPI. Accumulated carry-over balances ("COLA banks") will be increased by 0.5% and will be used in future COLA calculations when the change in CPI is less than 3.0%.

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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, 2024, retired members under Section 31870 should receive a 2.0% increase in their monthly benefit, based on the current year change in the CPI. Accumulated carry-over balances (“COLA banks”) will be increased by 1.5% 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 Section 31870.1 and 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, EA, MAAA
Principal Consulting Actuary

Attachment

cc: Brian Richard
Graham Schmidt, FSA, EA, MAAA, FCA
Heather Fantz, FSA, EA, MAAA
Tim Hall, FSA, EA, MAAA, CERA

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 COST OF LIVING ADJUSTMENTS (COLA) - Section 31870.1
 All Plans Except General Plan 2, General Plan 7, and Certain General Plan 8 (PEPRA)¹
 As of April 1, 2024

Maximum Annual COLA: 3.0%

Initial Retirement Date	April 1, 2023	Increase in the		April 1, 2024	
	Accumulated Carry-Over (A)	Annual Average CPI ²		COLA (D)	Accumulated Carry-Over (E)
		Actual (B)	Rounded (C)		
On or Before 04/01/1981	Varies ³	3.48%	3.5%	3.0%	Varies ³
04/02/1981 to 04/01/1982	9.5%	3.48%	3.5%	3.0%	10.0%
04/02/1982 to 04/01/2022	5.5%	3.48%	3.5%	3.0%	6.0%
04/02/2022 to 04/01/2023	4.5%	3.48%	3.5%	3.0%	5.0%
04/02/2023 to 04/01/2024	0.0%	3.48%	3.5%	3.0%	0.5%

¹ General Plan 8 members whose employer had implemented General Plan 7 prior to January 1, 2013

² All Urban Consumers, Los Angeles-Long Beach-Anaheim, CA (1982-84 base). (G.C. 31870.1)

³ The Accumulated Carry-Over amount for members retired on or before 4/1/1981 varies due to the Ad Hoc Cost-of-Living effective June 30, 2007. Please refer to Milliman's letter dated July 18, 2008 for more information.