

**SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM (SDCERS)
POST-RETIREMENT SUPPLEMENTAL COLA BENEFIT
(City of San Diego General and Safety Members)**

SUBJECT: SUPPLEMENTAL COLA BENEFIT

DATE PREPARED: April 14, 2003 (Rev. 5-9-06)

DATE REVIEWED AND EDITED BY CERS: August 10, 2006

ELIGIBILITY

To be eligible for the Supplemental COLA Benefit, also known as the 75% Purchasing Power benefit, you must have:

- retired on or before June 30, 1982; and
- completed at least ten years of creditable service, and
- be a:

- (1) Retired General or Safety Member, or
- (2) Retired Unified Port District Member, or
- (3) Special Class Safety Member receiving a fixed monthly retirement benefit, or
- (4) A survivor of one of the above eligible retirees, or
- (5) an industrial disability retiree who had less than ten years service, or
- (6) a survivor of a Special Safety retiree who had a fluctuation monthly benefit, or
- (7) a survivor who receives a Special Death Benefit, and received a retirement allowance on July 1, 1998, which, as determined by the System's Actuary, was at a level less than the equivalent of 75% of the present value of your Base Retirement Benefit when combined with your Annual Supplemental Benefit (Thirteenth Check).

BENEFIT

The amount paid, effective July 1, 1998, was calculated by multiplying your annual base benefit as of July 1, 1998 by a factor, determined by the System's Actuary, and comparing the result with the amount of your annualized retirement benefit as of July 1, 1998 plus your 13th check. The factor used was determined by the change in the Consumer Price Index as shown by the Bureau of Labor Statistics Consumer Price Index, United States-All items for each applicable Fiscal year and the Cost of Living Allowance granted annually (currently not to exceed 2%). The amount of the 13th check was deducted from the amount needed to restore the 75% Purchasing Power amount and the difference, divided by 12, was applied monthly effective July 1, 1998. **There is a cap on the amount paid however. The maximum allowed annual increase could not exceed 50% of your retirement benefit effective July 1, 1998 plus the 13th check.** An example would be that if your increase to meet the 75% amount was \$9,000 per year and your 13th check and annual retirement benefit totaled \$14,000, only \$7,000 could be applied.

LEGAL AUTHORITY

Ordinance O-18608 adopted January 11, 1999 established this program, and it is shown in detail in Chapter 2, Article 4, Division 15 of the Municipal Code; specifically Paragraph 24.1504 Supplemental COLA Program.

FUNDING SOURCE

Under the legal authority shown above, a \$35,000,000 Reserve was established to fund this benefit. The funds came from Undistributed Earnings from the Fiscal Year ending June 30, 1998. Interest is to be credited annually, if sufficient funds are available. Interest was not added June 30, 2002. The benefit is paid from this Reserve and will cease when the Reserve is depleted.

There is a provision for Reevaluation, and the System's Actuary is to annually conduct an evaluation of the Reserve to determine the feasibility of expanding this program.

VESTED RIGHT

The supplemental benefit known as the Supplemental COLA is a vested right of the retired member but is subject to funding availability. Any changes that affect this benefit must be approved by a vote of the retirees.

ADMINISTRATION

The supplemental benefit, known as the Supplemental COLA, is administered by SDCERS.

ATTACHMENT

SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM ELECTION BULLETIN
SUPPLEMENTAL COST OF LIVING (COLA) BENEFIT <click here for attachment>

FOR QUESTIONS

Contact SDCERS staff at (619) 525-3600 or Toll Free at (800) 774-4977.

This information is provided as a service of the **City of San Diego Retired Employees' Association**. The purpose of the above summary is to provide useful information about your retirement benefits. The facts surrounding your eligibility for payments may change from time to time. Do not rely on the above information for decision making but contact SDCERS for assistance. Should you find erroneous information in any of the above statements please contact a member of the City of San Diego Retired Employees' Association who will research your concern and make appropriate adjustments.