

Yes!!!

On August 2, 2007, at their regular monthly meeting, the Retirement Board accepted the results of a current actuarial valuation and determined that the Fund had sufficient assets to cover the cost of the planned-for benefit enhancements. The Board has directed staff to deliver a copy of the valuation to the City Clerk's Office to formally and officially begin the process of implementing the benefits enhancements that are related to when the Fund has reached a 95% funded status.

Here is a brief summary of what will happen. We will of course be sending out multiple mailings to alert our active and retired members of what is happening.

6-month Buyback

Members who were hired by the City beginning in 1988 through 1998, did not make contributions during their first six months of service to the City and will not receive any Retirement Service Credit for the first six months either, unless it is purchased.

There will be a one-year window beginning December 1, 2007 for these members to buy their first six months of service credit. We plan to put together a mailing to each of these members that will include a calculation of the amount that each member would need to pay, if they wished to buy this time. It will be based on the current pay data in the payroll system multiplied by the contribution rate of 8.03%, multiplied by 1044 hours. If you receive a COLA adjustment, or a step increase, subsequent to our letter to you, and before you have purchased this time, your purchase will of course be based upon that rate that is current when you do purchase the time. For members who miss the one-year window of opportunity, you will still have a future opportunity to buy the time, however, it will be calculated using the actuarial cost method, which is significantly more expensive. (See examples and info about actuarial cost calculations on the FAQ page of the website.)

If you are one that will be eligible to purchase this time, you will be able to do so using a variety of methods: cash or check, payroll deduction or rollover. If you do not already have a Deferred Compensation account, you may wish to consider establishing one to begin saving for this purchase. Payments by cash, check or payroll deduction are made after tax, whereas rollovers may be before tax, i.e. tax deferred.

(continued)

COLA's

We expect to be able to implement the new COLA structure, beginning on the retiree paycheck that is mailed on or about December 1st. There are several parts to implementing this benefit, one of which includes increasing the Floor COLA to 65% from its current level of 60%. Floor COLAs are designed to keep a retiree's monthly allowance from falling below a specified level, when taking into account the effects of inflation. In addition to the increase in the Floor COLA, those who retired in 1997 or before, will have their monthly allowance recalculated to begin paying an amount equivalent to what it would have been had it been compounded each year with a 1.5% COLA, back to the date of retirement. This will be a significant increase. This 1.5% COLA will replace the Bonus COLA, or what some call the 13th Check. (The annual income from the 1.5% COLA adjustments will be significantly more than the annual income that only included the Bonus COLA.) There will be no "retro pay"; it will only change the monthly amount on a going forward basis. However, the 1.5% COLA benefit will be effective January 1, 2007 and the December 1st check will include a one-time only "catch-up", that will include the amount of the increase from January. This catch-up is expected to be significantly more than the Bonus COLA.

Those who retired in 1998, and after, currently receive a 1.5% COLA each year.

We do not have any information about which years of retirement will now receive the benefits of the increased Floor COLA and will not have this information until after the summer.

* * * * *

Examples of how the 1.5% COLA will be implemented follow this page.

(At this time we are not able to provide examples that include a Floor COLA adjustment.)

* * * * *

Example 1 1.5% COLA Implementation

	1,000	Original monthly allowance Retired in 1997 on or before 11/30/1997
1997	1,015	November pension payroll paid on or about December 1st (December 1st check)
1998	1,030	"
1999	1,046	"
2000	1,061	"
2001	1,077	"
2002	1,093	"
2003	1,110	"
2004	1,126	"
2005	1,143	"
2006	1,161	"
2007	1,178	November pension payroll paid on or about December 1st, 2007 (December 1st check) No Bonus COLA (would have been $\$1000 \times 12 \times .06 = \720) Retro from January through October ($\$178$ per month times 10 months = $\$1,780$)

1,178 New monthly 1,780 One-time retro from January 2007 <hr style="width: 100%;"/> 2,958 Total "December 1st" check

Example 2 1.5% COLA Implementation

	1,000	Original monthly allowance Retired in 1995 on or before 11/30/1995
1995	1,015	November pension payroll paid on or about December 1st (December 1st check)
1996	1,030	"
1997	1,046	"
1998	1,061	"
1999	1,077	"
2000	1,093	"
2001	1,110	"
2002	1,126	"
2003	1,143	"
2004	1,161	"
2005	1,178	"
2006	1,196	"
2007	1,214	November pension payroll paid on or about December 1st, 2007 (December 1st check) No Bonus COLA (would have been $\$1000 \times 12 \times .09 = \$1,080$) Retro from January through October ($\$214$ per month times 10 months = $\$2,140$)

<p>1,214 New monthly</p> <p>2,140 One-time retro from January 2007</p> <hr style="width: 50%; margin: 0 auto;"/> <p>3,354 Total "December 1st" check</p>

Example 3 1.5% COLA Implementation

	1,000	Original monthly allowance Retired in 1990 on or before 11/30/1990
1990	1,015	November pension payroll paid on or about December 1st (December 1st check)
1991	1,030	"
1992	1,046	"
1993	1,061	"
1994	1,077	"
1995	1,093	"
1996	1,110	"
1997	1,126	"
1998	1,143	"
1999	1,161	"
2000	1,178	"
2001	1,196	"
2002	1,214	"
2003	1,232	"
2004	1,250	"
2005	1,269	"
2006	1,288	"
2007	1,307	November pension payroll paid on or about December 1st, 2007 (December 1st check) No Bonus COLA (would have been $\$1000 \times 12 \times .12 = \$1,440$) Retro from January through October ($\$307$ per month times 10 months = $\$3,070$)

1,307 New monthly 3,070 One-time retro from January 2007 <hr style="width: 20%; margin: 0 auto;"/> 4,377 Total "December 1st" check
--