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San Luis Obispo County Pension Trust
SLOCPT

Date: April 1, 2018

To: Retirees

From: Amy Burke
Deputy Executive Secretary

**Annual Cost-Of-Living Adjustment ("COLA") - 2018**

You may notice an increase to your monthly benefit. The San Luis Obispo County Employees Retirement Plan (the "Plan") provides for annual COLAs for Tier 1 Retirees up to 3% and for Tier 2 and Tier 3 retirees up to 2%. The annual COLA percentage, specified in the Plan, is determined by the two-year average of the All Urban Consumers Consumer Price Index's annual average for the Los Angeles - Riverside - Orange County and the San Francisco - Oakland - San Jose areas. The calculated average taken from 2016 and 2017 data is **2.8%.**

However, the Plan allows Tier 1 Retirees to accumulate percentage credits for years where the calculated average is above the 3.0% maximum and then apply the credits to years where the average is below 3.0% – the "COLA bank". It is important to note that we have experienced several years with low inflation so this "COLA bank" for most has been exhausted. Tier 2 and Tier 3 Retirees may not be granted a COLA greater than 2.0% and are not eligible for "COLA banks". Therefore, depending on your retirement date and Tier the actual COLA percent granted will vary. To be eligible for this year's COLA you must have a retirement date prior to January 2, 2018. The COLA rates applied for 2018 are as detailed in the table below:

| Tier | Retirement Date | COLA |
|---|---|---|
| 1 | On or Before January 1, 1981 | 3.00% |
| 1 | On or After January 2, 1981 but Before January 2, 2018 | 2.80% |
| 2 & 3 | On or Before January 1, 2018 | 2.00% |

Please contact the SLOCPT with any questions or concerns.