

BOARD OF TRUSTEES MEETING

SEWERAGE & WATER BOARD OF NEW ORLEANS

WEDNESDAY, DECEMBER 21, 2016

8:45 AM - PRIOR TO REGULAR BOARD

SEWERAGE & WATER BOARD- BOARD ROOM

625 ST. JOSEPH STREET

ORDER OF BUSINESS

- 1. Calling of the Roll**
- 2. Cost of Living Adjustment for Board Pensioners (R-177-2016)**
- 3. ADJOURNMENT**



SEWERAGE AND WATER BOARD OF NEW ORLEANS

December 19, 2016

Pension Committee
Sewerage & Water Board of New Orleans
New Orleans, LA

Subject: January 1, 2017 Cost of Living Adjustment

Dear Directors:

Article VI, Section 6.1(d) of the Rules and Regulations of the Employees' Retirement System of the Sewerage and Water Board sets forth the conditions for awarding a Cost of Living Adjustment (COLA) to Board pensioners.

The Sewerage and Water Board makes an annual determination if it will award a COLA. This determination is based on the 12-month change in the CPI for the prior August index. The CPI change to determine the 2017 COLA is 0.659%, which would indicate a 0.659% COLA increase effective January 1, 2017. The award is applied to the first \$10,000 of the retirement allowance of eligible pensioners, and is not compounded. The total increase to the Sewerage & Water Board Pension Fund to implement the January 1, 2017 COLA is \$26,080.57. This increase will apply to approximately 481 pensioners.

This information is being presented to recommend approval of a 0.659% Cost of Living Adjustment effective January 1, 2017.

Sincerely,

Sharon O. Judkins
Deputy Director of Administration

JANUARY 1, 2017 COST OF LIVING ADJUSTMENT FOR BOARD PENSIONERS

WHEREAS, it is the policy of the Sewerage and Water Board of New Orleans to provide a Cost of Living Adjustment to pensioners based on the increase in the Consumer Price Index, with a maximum increase of no more than 2% as provided in Article VI, Section 6.1(d) (1) of the Rules and Regulations of the Employees' Retirement System of the Sewerage and Water Board of New Orleans; and

WHEREAS, the change in the Consumer Price Index for All Urban Wage Earners and Clerical Workers from August 2015 to August 2016 is 0.659%; and

WHEREAS, the total increase to the Pension Fund of the Sewerage and Water Board of New Orleans to implement the January 1, 2017 Cost of Living Adjustment to approximately 481 pensioners is \$26,080.57; and

WHEREAS, such funds are to be made available by the Pension Fund of the Sewerage and Water Board of New Orleans to provide for a Cost of Living Adjustment to said pensioners.

NOW, THEREFORE, BE IT RESOLVED that the Pension Fund of the Sewerage and Water Board of New Orleans implement a 0.659% cost of living increase on the first ten-thousand dollars (\$10,000) of said pensioners' original Retirement Allowance (that is, the annual pension benefit paid at the time of retirement), effective January 1, 2017, for pensioners who attained age 65 on or before December 31, 2016, approximately 481 pensioners. The cost of living increase for a partial year of retirement after age 65 shall be pro-rated based on the actual number of days retired and over age 65 during the twelve-month period ending December 31, 2016 (that is, the number of days elapsed between attainment of age 65 and December 31, 2016).

I, Cedric S. Grant, Executive Director, Sewerage and Water Board of New Orleans, do hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at the Regular Meeting of said Board, duly called and held, according to law, on December 21, 2016.

Cedric S. Grant
Executive Director
Sewerage and Water Board of New Orleans

EXECUTIVE SUMMARY

Employees' Retirement System of the Sewerage and Water Board Historical Summary of Cost of Living Increases

Section 6.1(d) of the "Rules and Regulations of the Employees' Retirement System of the Sewerage and Water Board" provides for an annual COLA increase effective each January 1st based on the twelve month change in the CPI for All Urban Wage Earners and Clerical Workers (CWUR0000SA0) ending the immediately preceding August. If that increase is zero or negative, the COLA change for that year is zero. The COLA change is applied only to the first \$10,000 of initial annual benefit (in other words it is not "compounded"), applies only to those age 65 and older and is limited to between zero and 2%. Prior to January 1, 2005, the COLA applicable to those retiring prior to January 1, 1984 was limited to 1% maximum, was effective July 1st instead of January 1st and it was necessary to confirm the COLA applicable to those individuals by separate resolution each year. Effective with the January 1, 2005 COLA, that distinction between those retiring before and on and after January 1, 1984 was removed.

Recent History of Applicable CPI Increases and COLA Amounts Awarded

<u>CPI Period</u>	<u>COLA Effective Date</u>	<u>CPI Change</u>	<u>COLA Percentage</u>	
8/2001 to 8/2002	January 1, 2003	+1.610%	1.610%	
8/2002 to 8/2003	January 1, 2004	+2.095%	2.000%	
8/2003 to 8/2004	January 1, 2005	+2.607%	2.000%	
8/2004 to 8/2005	January 1, 2006	+3.894%	2.000%	
8/2005 to 8/2006	January 1, 2007	+3.904%	2.000%	
8/2006 to 8/2007	January 1, 2008	+2.140%	2.000%	
8/2007 to 8/2008	January 1, 2009	+5.930%	2.000%	
8/2008 to 8/2009	January 1, 2010	-1.900%	0.000%	
8/2009 to 8/2010	January 1, 2011	+1.444%	1.444%	
8/2010 to 8/2011	January 1, 2012	+4.258%	2.000%	
8/2011 to 8/2012	January 1, 2013	+1.670%	1.670%	
8/2012 to 8/2013	January 1, 2014	+1.455%	1.455%	
8/2013 to 8/2014	January 1, 2015	+1.594%	1.455%	
8/2014 to 8/2015	January 1, 2016	-0.284%	0.000%	
8/2015 to 8/2016	January 1, 2017	+0.659%	0.659%	*

* Current increase to be confirmed and recommended by Pension Committee