



San Bernardino County Employees'
Retirement Association

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Cost-Of-Living Adjustment (COLA) Frequently Asked Questions (FAQ)

1. How was the 2% COLA created?

On June 6, 1983, the San Bernardino County Board of Supervisors adopted California Government Code (GC) section 31874 and implemented an annual cost-of-living adjustment (COLA) for every SBCERA retirement allowance, optional death allowance, or annual death allowance, not to exceed 2% per year in accordance with GC section 31870.

2. Is the COLA vested?

The COLA is a vested benefit, but the *amount* of the COLA depends on the regional Consumer Price Index (CPI). Therefore, it may vary from year to year.

3. Is the COLA always 2%?

No. The COLA depends on the change in the regional CPI, but in no event can the COLA exceed 2% per year.

4. Does the Board of Retirement determine the regional CPI?

No. The regional CPI is determined by the United States Department of Labor, Bureau of Labor Statistics.

5. How is the COLA determined?

Prior to April 1st of each year, the Board of Retirement must refer to the November 30th, *Bureau of Labor Statistics Consumer Price Index for All Urban Consumers* for the area in which the county seat is situated in order to determine whether there has been an increase or decrease in the CPI as of January 1st of each year.

6. Where can I find the current Bureau of Labor Statistics (BLS) CPI?

Go to <https://www.bls.gov/cpi/> and follow these steps:

1. Click on CPI Data (third blue box from the left, towards the top of the screen) and select Regional Resources. Select "Riverside," under Metro Areas on the right side of the screen.
2. To determine the CPI increase from November of one year to November of a later year, you must divide the CPI amount from November of the latter year by the CPI amount from the November of the earlier year. The November 2024 CPI amount was 132.853. The November 2023 CPI

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amount was 131.372. Therefore, 132.853 (November 2024) divided by 131.372 (November 2023) is 1.0113, or an increase of 1.13%.

7. Is there a carryover in cost-of-living for years that exceed 2%?

Yes. Pursuant to GC section 31870, the cost-of-living increase or decrease in any year which is not met by the maximum annual change of 2% in allowances shall be accumulated or "banked" to be met by the increases or decreases in allowance in future years; except that no CPI decrease shall reduce the allowance below the amount being received by the member or beneficiary on the effective date of the allowance. Below is an **example** of how the accumulation or "banked" amount would work for a member who has **retired between April 2, 1996 and April 1, 1997**:

| Date Granted | CPI (%) | Adjusted CPI* (%) | COLA (%) | Change in Bank (%) | COLA Bank Balance (%) |
|--------------|---------|-------------------|----------|--------------------|-----------------------|
| 4/1/1997 | 2.40 | 2.50 | 2.00 | 0.50 | 0.50 |
| 4/1/1998 | 1.80 | 2.00 | 2.00 | 0.00 | 0.50 |
| 4/1/1999 | 1.40 | 1.50 | 2.00 | -0.50 | 0.00 |
| 4/1/2000 | 2.30 | 2.50 | 2.00 | 0.50 | 0.50 |
| 4/1/2001 | 3.71 | 3.50 | 2.00 | 1.50 | 2.00 |
| 4/1/2002 | 2.07 | 2.00 | 2.00 | 0.00 | 2.00 |
| 4/1/2003 | 3.72 | 3.50 | 2.00 | 1.50 | 3.50 |
| 4/1/2004 | 1.80 | 2.00 | 2.00 | 0.00 | 3.50 |
| 4/1/2005 | 4.39 | 4.50 | 2.00 | 2.50 | 6.00 |
| 4/1/2006 | 4.46 | 4.50 | 2.00 | 2.50 | 8.50 |
| 4/1/2007 | 3.29 | 3.50 | 2.00 | 1.50 | 10.00 |
| 4/1/2008 | 4.17 | 4.00 | 2.00 | 2.00 | 12.00 |
| 4/1/2009 | 0.11 | 0.00 | 2.00 | -2.00 | 10.00 |
| 4/1/2010 | 1.83 | 2.00 | 2.00 | 0.00 | 10.00 |
| 4/1/2011 | 1.34 | 1.50 | 2.00 | -0.50 | 9.50 |
| 4/1/2012 | 2.17 | 2.00 | 2.00 | 0.00 | 9.50 |
| 4/1/2013 | 1.93 | 2.00 | 2.00 | 0.00 | 9.50 |
| 4/1/2014 | 1.14 | 1.00 | 2.00 | -1.00 | 8.50 |
| 4/1/2015 | 0.73 | 0.50 | 2.00 | -1.50 | 7.00 |
| 4/1/2016 | 2.03 | 2.00 | 2.00 | 0.00 | 7.00 |
| 4/1/2017 | 1.97 | 2.00 | 2.00 | 0.00 | 7.00 |
| 4/1/2018 | 3.61 | 3.50 | 2.00 | 1.50 | 8.50 |
| 4/1/2019 | 3.62 | 3.50 | 2.00 | 1.50 | 10.00 |
| 4/1/2020 | 2.85 | 3.00 | 2.00 | 1.00 | 11.00 |
| 4/1/2021 | 1.93 | 2.00 | 2.00 | 0.00 | 11.00 |
| 4/1/2022 | 7.90 | 8.00 | 2.00 | 6.00 | 17.00 |
| 4/1/2023 | 7.49 | 7.50 | 2.00 | 5.50 | 22.50 |
| 4/1/2024 | 4.28 | 4.50 | 2.00 | 2.50 | 25.00 |
| 4/1/2025 | 1.13 | 1.00 | 2.00 | -1.00 | 24.00 |

* GC section 31870 requires CPI to be rounded to the nearest one-half percent.

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8. Is there a carryover if the cost-of-living is negative?

Yes. If the annual CPI index is negative, any positive accumulations from prior years will be offset by the current year's negative figure. In this case, a retired member will still receive a COLA, not to exceed 2%, if there is a positive credit in their accumulated or "banked" balance from previous years.

9. What happens if the annual CPI index is negative and the accumulated or "banked" account is already negative or zero?

The negative CPI figure will be accumulated or "banked" and offset against positive increases in the CPI in future years. In this situation, the retired member would not receive a COLA in the current year and would not receive a COLA in future years until their accumulated or "banked" balance is positive.

10. How much is in my COLA "Bank"?

It depends on the member's retirement date. See the table below.

| Member Retirement Date | | A | B | C | B-C=D | A+D |
|------------------------|---------------|----------------------------|---------------|-------------------------|----------------|----------------------------|
| | | COLA Bank Balance 4/1/2024 | Adjusted CPI* | COLA Effective 4/1/2025 | Change in Bank | COLA Bank Balance 4/1/2025 |
| From | To | | | | | |
| Pre-April 1, 1984 | April 1, 1984 | 47.50% | 1.00% | 2.00% | -1.00% | 46.50% |
| April 2, 1984 | April 1, 1985 | 45.00% | 1.00% | 2.00% | -1.00% | 44.00% |
| April 2, 1985 | April 1, 1986 | 42.50% | 1.00% | 2.00% | -1.00% | 41.50% |
| April 2, 1986 | April 1, 1988 | 39.50% | 1.00% | 2.00% | -1.00% | 38.50% |
| April 2, 1988 | April 1, 1989 | 36.50% | 1.00% | 2.00% | -1.00% | 35.50% |
| April 2, 1989 | April 1, 1990 | 33.50% | 1.00% | 2.00% | -1.00% | 32.50% |
| April 2, 1990 | April 1, 1991 | 29.50% | 1.00% | 2.00% | -1.00% | 28.50% |
| April 2, 1991 | April 1, 1992 | 26.00% | 1.00% | 2.00% | -1.00% | 25.00% |
| April 2, 1992 | April 1, 2000 | 25.00% | 1.00% | 2.00% | -1.00% | 24.00% |
| April 2, 2000 | April 1, 2001 | 24.50% | 1.00% | 2.00% | -1.00% | 23.50% |
| April 2, 2001 | April 1, 2003 | 23.00% | 1.00% | 2.00% | -1.00% | 22.00% |
| April 2, 2003 | April 1, 2005 | 21.50% | 1.00% | 2.00% | -1.00% | 20.50% |
| April 2, 2005 | April 1, 2006 | 19.00% | 1.00% | 2.00% | -1.00% | 18.00% |
| April 2, 2006 | April 1, 2018 | 18.00% | 1.00% | 2.00% | -1.00% | 17.00% |
| April 2, 2018 | April 1, 2019 | 16.50% | 1.00% | 2.00% | -1.00% | 15.50% |
| April 2, 2019 | April 1, 2020 | 15.00% | 1.00% | 2.00% | -1.00% | 14.00% |
| April 2, 2020 | April 1, 2022 | 14.00% | 1.00% | 2.00% | -1.00% | 13.00% |
| April 2, 2022 | April 1, 2023 | 8.00% | 1.00% | 2.00% | -1.00% | 7.00% |
| April 2, 2023 | April 1, 2024 | 2.50% | 1.00% | 2.00% | -1.00% | 1.50% |
| April 2, 2024 | April 1, 2025 | 0.00% | 1.00% | 1.00% | 0.00% | 0.00% |

* GC section 31870 requires CPI to be rounded to the nearest one-half percent.

11. Does the COLA compound?

Yes. The COLA compounds.

Disclaimer

This FAQ Sheet was produced by the SBCERA staff to help members understand complex pension issues surrounding the COLA. Every effort has been made to ensure the accuracy of the information offered. However, you should not rely solely on the information contained herein. In the event of any discrepancy between the information contained in this FAQ and the Government Code provisions or the Bureau of Labor Statistics Consumer Price Index, the Code provisions and the CPI will govern.