

<b>Subject: Procedure to Implement Collectively Bargained Cost of Living Adjustment (COLA) for the Defined Benefit Plan</b>
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**Eligibility:**

Retirement System members who are:

- Members of Greenwich Municipal Employees Association (GMEA) collective bargaining agreement and who retired on or after July 1, 2005;
- Members of the Teamster Local 456 collective bargaining agreement who retired on or after July 1, 2004;
- Members who are covered by the Management/Confidential Plan (M/C), and Elected Officials, who retired on or after November 1, 2006;
- Members who are covered by the LIUNA collective bargaining agreement who retired on or after November 1, 2008; and
- Members of AFSCME collective bargaining agreement who retired on or after February 1, 2009.

1. Eligible employees are entitled to a COLA on July 1 (the adjustment date), subject to the following limitations and procedures:

a. The retiree must be age 62 or older on the July 1 adjustment date to be eligible for the COLA.

Example: An employee with a birth date of July 2, 1945, who retired effective August 1, 2005, at age 60, would not be eligible for the COLA on July 1, 2007, since the retiree would be age 61. In this example the retiree would first become eligible for the COLA on July 1, 2008, as the retiree turned age 62 on July 2, 2007. If the employee were born on July 1, 1945, then the retiree would be eligible for the COLA on July 1, 2007 because the retiree would be 62 years of age on July 1, 2007.

b. An employee must be retired for at least 12 months to be eligible for a COLA increase.

Example: An employee who retires effective July 1, 2005, would be eligible for his/her first COLA on July 1, 2007. An employee who retires on June 1, 2005 would be eligible for his/her first COLA on July 1, 2006.

c. The retiree's retirement allowance is capped at 150% of the initial retirement allowance received by the retiree.

Example: The retiree received an initial annual retirement allowance of \$26,500. Therefore, the maximum annual retirement allowance to be received by the retiree would be \$39,750 (\$26,500 x 150%). On July 1 of the year that the retiree reaches this 150% threshold, the COLA would be for the amount needed to reach \$39,750. This retiree would then be ineligible for future COLAs.

2. In June of every year, both the Retirement Plans Administrator and the Town's actuary for the Retirement Plan will calculate independently the annual percentage change in the CPI index CWURA101SA0 as described below. Both will provide a written letter to the Retirement Board certifying this calculation.

3. The CPI Index to be used for this calculation is the Consumer Price Index for the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA for Urban Wage Earners and Clerical Workers (CWURA101SA0). The period to be measured is the index for May in the preceding year compared to the index in May for the current year preceding a COLA adjustment for July 1st of that year. As recommended by the Bureau of Labor Statistics, this procedure will use the following formula for computing the escalation in the index:

Example:

a. CWURA101SA0 for May 2009	230.307
b. CWURA101SA0 for May 2010	236.144
c. Equals Index change (b-c)	5.837
d. Percent change (c/a times 100)	2.534% (5.837/230.307 x 100)

4. Every June after the May figures are posted by the Bureau of Labor Statistics, the Actuary used for the upcoming Retirement Plan actuarial study, will provide the above four numbers to the Retirement Board in a written letter.
5. Using the percent change in the CWURA101SA0 (Index) as certified from 4. Above, the COLA shall be calculated as follows:
  - a. If the percent change in the Index is less than one percent (1%), the COLA is zero percent.
  - b. If the percent change in the Index is greater than or equal to one percent and less than or equal to three percent (3%), then the COLA is equal to the percent change in the Index.
  - c. If the percent change in the Index is greater than three percent (3%), then the COLA is three percent (3%).

Example:

- Index change is 0.75%, then the COLA is 0%
- Index change is 1.000%, then the COLA is 1.0%
- Index change is 2.567%, then the COLA is 2.567%
- Index change is 3.000%, then the COLA is 3.0%
- Index change is 3.7529%, then the COLA is 3.0%

6. The Retirement Board, each year at its regularly scheduled June meeting, will review the COLA recommendation. A list of eligible retirees will be prepared for whom the calculated Index adjustment will be applied to produce a dollar amount adjustment, if any. Upon review and acceptance of this material, the Retirement Board will vote on approving the COLA for the eligible retirees for the upcoming July 1st.
7. Upon approval in June by the Retirement Board of said COLA, the Retirement Administrator will send a letter to each eligible retiree notifying them of the following:
  - a. New Retirement Allowance
  - b. Old Retirement Allowance
  - c. COLA Change for this year
  - d. COLA % Change for this year
  - e. Initial Retirement Allowance

- f. Maximum Retirement Allowance
  - g. Cumulative percent change since retirement
  - h. Maximum percent change for the COLA
8. COLA continues for retiree as described above but ends upon death of the retiree if Option 1 is selected (no survivor benefits).
9. For a retiree currently receiving a COLA at the time of his death, the COLA continues for any eligible beneficiary as described below:
- a. For a retiree who selected Option 2 (100% benefit), the beneficiary would be entitled to the current benefit and receives a COLA up to the 150% of the initial retirement allowance.
  - b. For a retiree who selected Option 3 (50% benefit), the beneficiary would be entitled to 50% of the current benefit and receives a COLA up to 150% of 50% of the initial retirement allowance.
  - c. The beneficiary may be of any age to receive the COLA increase and there is no waiting period.
10. For each beneficiary of a retiree who at the time of his death was eligible but not yet receiving a COLA, the beneficiary may receive a COLA as follows:
- a. The first COLA will be on the first July 1<sup>st</sup> after the later of:
    - i. 62 years from the retiree's date of birth; or
    - ii. 12 months after the date of retirement.
  - b. Maximum benefit is 150% of the beneficiary's initial benefit allowance.
  - c. The beneficiary may be of any age to receive the COLA increase
11. For each beneficiary of an active employee who died while still employed by the Town and the employee would have been eligible for a COLA, the beneficiary may receive a COLA as follows:
- a. The first COLA will be on the first July 1<sup>st</sup> after the later of:
    - i. 62 years from the retiree's date of birth; or
    - ii. 12 months after the retiree's date of death.
  - b. Maximum benefit is 150% of the beneficiary's initial benefit allowance.
  - c. The beneficiary may be of any age to receive the COLA increase