



Strength. Service. Commitment.

December 23, 2009

Dear Member:

You are receiving this letter because you requested a retirement date on or before March 31, 2010. Each year many members plan to retire by March 31 in order to be eligible for the cost-of-living adjustment (COLA) in April. However, given the current economic environment, members should understand how their benefit may be affected by no change in the Consumer Price Index (CPI) – or if the change in the CPI is negative.

Typically, the CPI has increased from year to year, resulting in a COLA increase. However, no COLA will be applied to your benefit if there is no change in the CPI. If the CPI decreases, no COLA is awarded and the negative amount is placed in your COLA bank.

Although an increase in the CPI can add to your monthly retirement benefit payment, a decrease in the CPI can also affect the amount of money you receive every month. If, for example, the CPI is negative, you will begin retirement with a negative COLA bank, which will affect future COLAs. You will not receive any future COLAs until the accumulations in your COLA bank are positive. For more information about how a negative CPI affects your benefit, please read the Fall issue of *Extra*, available on the SDCERA web site at www.sdcera.org on the News & Media page.

The U.S. Bureau of Labor Statistics releases the CPI for the San Diego area in late February. The official COLA is announced at the Board of Retirement meeting in March. Information regarding the COLA for 2010 will be reported on the SDCERA web site at www.sdcera.org when it becomes available.

If the CPI is negative, you may want to consider selecting a retirement date after March 31. If you decide to change your retirement date, cross out the date on the application, write the new date, initial the changes, and submit the completed forms and necessary documents to the SDCERA office within 60 days of the selected retirement date. The application must arrive on or before your retirement date, but cannot be accepted earlier than 60 days in advance.

In support of our mission to provide superior service to our members, we are committed to educating you about your retirement benefits so that you can make informed decisions. If you have any questions regarding the COLA and your retirement date, please contact the SDCERA Call Center at 619.515.6800 or toll free at 888.4.SDCERA.

Sincerely,

Member Services