



**MEMORANDUM**

TO: John Watson, Executive Director

FROM: Gary E. Hollis, Assistant Benefits Officer-Auditor

SUBJECT: 2018 Retiree Cost-of-Living Adjustments

DATE: January 12, 2018

In accordance with Sections 104.415.5 & 104.1045.2, the annual COLA increase is determined each January based on the percentage increase in the average consumer price index from the previous year. I have made the following computations for the year 2018 based on information received from the U.S. Department of Labor.

Consumer Price Index for All Urban Consumers (CPI-U)

<u>Month</u>	<u>2016</u>	<u>2017</u>
January	236.916	242.839
February	237.111	243.603
March	238.132	243.801
April	239.261	244.524
May	240.229	244.733
June	241.018	244.955
July	240.628	244.786
August	240.849	245.519
September	241.428	246.819
October	241.729	246.663
November	241.353	246.669
December	<u>241.432</u>	<u>246.524</u>
	240.007	245.120

Increase                     $(245.120 - 240.007) / 240.007 = 2.130\% \times 80\% = 1.704\%$

The minimum COLA adjustment is 4% under the original COLA plan. The COLA rate of 1.704% will be effective for those members who have reached their original 65% cap under MSEP, or who were first hired on or after August 28<sup>th</sup>, 1997, and for all members retired under MSEP 2000/2011.