Employees' Retirement Fund of the City of DALLAS

Earnings Cap on Cost of Living Adjustment

- At the Board's request, GRS examined the impact of adding an indexed dollar limit to the Cost of Living Adjustment determination
  - A COLA would only be on a member's benefit up to the indexed dollar limit
  - The limit would be $35,000 in 2017
  - The limit would be indexed at CPI (assumed to be 3%)
- Scenario #1 would only apply to new hires (Tier B)
  - Assumes that the COLA is based on the increase in CPI not greater than 3%
  - The normal cost for new hires would decrease by an additional 0.39% (on top of the 0.62% from Study #2)
- Scenario #2 would apply to all members including current retirees
  - Same as above for new hires
  - Assumes that the COLA is based on the increase in CPI not greater than 5% for current members
  - The normal cost for the Fund would immediately decrease by 0.59%
  - Decrease in the unfunded actuarial accrued liability of $136 million
  - 30-year contribution rate would decrease by 2.72% of pay (to 39.82%)