

**West Palm Beach Police Pension Fund
Cost of Living Adjustment (COLA)**

In general, each January 1 the retirement benefits for retired police officers over age 65 will increase by 3% per year. The 3% may be limited depending on how the Consumer Price Index (CPI) for urban wage earners and clerical workers as published by the United States Department of Labor has increased since the retired officer reached age 64. If the cumulative increase in the CPI since the retiree reached age 64 through October 1 is less than 3% per year, the COLA will be limited.

The CPI is generally a measure of the average cost of all goods and services purchased by consumers including food, housing, medical care, and fuel as examples. From October 2015 through October 2016, CPI increased by 1.6%.

The following examples illustrate how the COLA is calculated for retired police officers:

Example #1

| | |
|--|-----------------|
| Month and year retiree turned age 64 (base month) | September, 2004 |
| Cumulative COLA received through January 1, 2016 | 25.1% |
| Cumulative CPI increase from September, 2004 through October, 2016 | 27.3% |
| COLA on January 1, 2017 | 2.2% |

This member's COLA on January 1, 2017 will be limited to 2.2%. If this member received a 3% COLA on January 1, 2017 his cumulative COLA's would be 28.1%, which would exceed the cumulative CPI increase from September, 2004 through October, 2016.

Example #2

| | |
|--|---------------|
| Month and year retiree turned age 64 (base month) | October, 2005 |
| Cumulative COLA received through January 1, 2016 | 20.9% |
| Cumulative CPI increase from October, 2005 through October, 2016 | 21.4% |
| COLA on January 1, 2017 | 0.0% |

This member's COLA on January 1, 2017 will be 0%. This member is eligible for a 0.5% COLA without exceeding the 21.4% cumulative CPI increase from October, 2005 through October, 2016. However, there is a provision in the Plan that states if the COLA that is calculated is less than 1%, no adjustment will be made during that specific year.

Example #3

| | |
|--|---------------|
| Month and year retiree turned age 64 (base month) | January, 2003 |
| Cumulative COLA received through January 1, 2016 | 28.8% |
| Cumulative CPI increase from January, 2003 through October, 2016 | 33.1% |
| COLA on January 1, 2017 | 3.0% |

This member's COLA on January 1, 2017 will be 3%. As of January 1, 2017, this member will have received a total of 31.8% in COLA's, which would not exceed the cumulative CPI increase from January 2003 through October, 2016.

Miscellaneous Items

- If the COLA that is calculated is less than 1%, no adjustment will be made during that specific year.
- The COLA will continue to your beneficiary if you die and you had elected a form of payment which entitles your beneficiary to receive a percentage of your retirement benefit.
- The COLA is calculated using simple interest rather than compound interest.