

# **FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM**

**City of San José, California**

## **RESOLUTION NO. 9091**

### **RESOLUTION OF THE BOARD OF ADMINISTRATION FOR THE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM ESTABLISHING THE 2020 COST OF LIVING ADJUSTMENT PURSUANT TO CHAPTERS 3.28.995 AND 3.44 OF THE SAN JOSÉ MUNICIPAL CODE FOR BENEFICIARIES WHOSE IRC 415(b) BENEFIT LIMIT IS CALCULATED AS A QUALIFIED PARTICIPANT.**

**WHEREAS**, in 2021, Internal Revenue Code (IRC) Section 415(b) limit caps the retirement allowance amount the Retirement System may pay at \$230,000 for straight-life benefit payments that start at age 62; and

**WHEREAS**, IRC 415(b) benefit limit is adjusted downward for Retirement benefits paid to members prior to reaching age 62 and further reduced for members with less than 10 years of service in the system; and

**WHEREAS**, a member who joined the system prior to January 1, 1990, is considered a "qualified participant" under IRC 415(b); and

**WHEREAS**, the 415(b) limit for a qualified participant should not be less than the accrued allowance of the member under the applicable system, determined without regard to any amendment of the plan made after October 14, 1987; and

**WHEREAS**, on October 14, 1987, Section 3.44.030 of Chapter 3.44 provides that the annual Cost of Living Adjustment to the beneficiary's allowance shall be the percentage increase or decrease in the CPI, subject to a maximum of three percent (3%); and

**WHEREAS**, on October 14, 1987, Section 3.44.040 of Chapter 3.44 provides that if the percentage increase or decrease in the CPI is in excess of three percent (3%), such excess shall be accumulated from year to year and shall be included in the determination of future cost of living adjustments; and

**WHEREAS**, the Consumer Price Index for all Urban Consumers, San Francisco-Oakland-San Jose, increased by two percent (2%) from December 2019 to December 2020.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ADMINISTRATION FOR THE FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM:**

**SECTION 1.** The Board of Administration hereby finds and determines that pursuant to

Chapter 3.44 of the San Jose Municipal Code, the retirement allowances and survivorship allowances payable under the Federated City Employees' Retirement System shall be increased by two point zero percent (2.0%) and from zero (0) to one point zero percent (1.0 %) from prior years' excess accumulations for the period from April 1, 2021 to March 31, 2022, subject to the limitations set forth in said Chapter 3.44

**SECTION 2.** The cost of living increase to be accumulated in the allowance pursuant to Section 3.44.040 of Chapter 3.44 would be zero.

**Resolution No. 9091**

**ADOPTED** this 18<sup>th</sup> day of March, 2021, by the following vote:

AYES: Board Members -

NOES: Board Members -

ABSENT: Board Members -

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**JAY CASTELLANO, CHAIR PERSON  
BOARD OF ADMINISTRATION**

**ATTEST:**

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**ROBERTO L. PEÑA, CEO  
Office of Retirement Services**