

Consumer Price Index Rate Calculation Information

For benefits in pay as of January 1st of the indexing year, the number of years eligible for CPI is determined by the <u>rate effective date</u> .		
Benefit Type		
PIB, EERB or Survivor	TERB (Active rate must be in pay for 52 consecutive weeks as of January 1 of the indexing year.)	
Rate Effective Date	Rate Effective Date	Benefit Indexed
December 31, 1999 or earlier	On or before January 1, 1999	2000 to 2009 (10 years)
January 1 to December 31, 2000	January 2, 1999 to January 1, 2000	2001 to 2009 (9 years)
January 1 to December 31, 2001	January 2, 2000 to January 1, 2001	2002 to 2009 (8 years)
January 1 to December 31, 2002	January 2, 2001 to January 1, 2002	2003 to 2009 (7 years)
January 1 to December 31, 2003	January 2, 2002 to January 1, 2003	2004 to 2009 (6 years)
January 1 to December 31, 2004	January 2, 2003 to January 1, 2004	2005 to 2009 (5 years)
January 1 to December 31, 2005	January 2, 2004 to January 1, 2005	2006 to 2009 (4 years)
January 1 to December 31, 2006	January 2, 2005 to January 1, 2006	2007 to 2009 (3 years)
January 1 to December 31, 2007	January 2, 2006 to January 1, 2007	2008 to 2009 (2 years)
January 1 to December 31, 2008	January 2, 2007 to January 1, 2008	2009 (1 year)

Some recipients may have rates that are updated throughout the calendar year. If the year of earnings is earlier than the effective date year then earnings are indexed up to the effective year using the average industrial wage increase percentage (AIW), therefore, CPI increase adjustments are not payable for the effective year of the rate.

CPI factors (multiplying the eligible rate by this factor yields the rate for the subsequent year):

- 1.009 = CPI factor for 2000
- 1.0175 = CPI factor for 2001
- 1.009 = CPI factor for 2002
- 1.015 = CPI factor for 2003
- 1.017 = CPI factor for 2004
- 1.009 = CPI factor for 2005
- 1.014 = CPI factor for 2006
- 1.0105 = CPI factor for 2007
- 1.0095 = CPI factor for 2008
- 1.0151 = CPI factor for 2009

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Summary of Manual calculation for a 2009 full year TERB CPI adjustment:

- Benefit in pay on Jan 1 2009 x CPI factor for eligible years = Increased benefit
- For the 2009 lump sum payment, calculate the difference between the increased amount and the amount payable for the current year.
 - (Increased benefit – benefit in pay) x # months eligible

Examples (TERB Benefits):

Rate effective date: January 1, 1999 or earlier. Eligible for 10 years of CPI increases, from 2000 to 2009. NOTE: TERB must have been in pay for 12 continuous months as of Jan 1 to be eligible for CPI adjustment.

TERB Weekly rate in pay on Jan 1, 2009 =\$100.00

$\$100.00 \times 1.0151 \times 1.0095 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 \times 1.009 = \113.29

$(\$113.29 - \$100.00) \times 4.333 \times 12 \text{ months} = \691.03
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Rate effective date within this range: January 2, 1999 to January 1, 2000, inclusive. Rate is eligible for 9 years of CPI increases, from 2001 to 2009.

TERB Weekly rate in pay on Jan 1, 2009 =\$100.00

$\$100 \times 1.0151 \times 1.0095 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 = \112.28

$(\$112.28 - \$100) \times 4.333 \times 12 \text{ months} = \638.51
