

Consumer Price Index (CPI) Rate Calculation Information

For benefits in pay as of January 1, 2007, the number of years eligible for CPI is determined by the rate effective date.		
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.)	
Active Rate Effective Date	Active Rate Effective Date	Years Eligible
December 31, 1999 or earlier	On or before January 1, 1999	8 (2000, 2001, 2002, 2003, 2004, 2005, 2006 and 2007)
Between January 1, 2000 and January 1, 2001	Between January 1, 1999 and January 1, 2000	7 (2001, 2002, 2003, 2004, 2005, 2006 and 2007)
Between January 1, 2001 and January 1, 2002	Between January 1, 2000 and January 1, 2001	6 (2002, 2003, 2004, 2005, 2006 and 2007)
Between January 1, 2002, and January 1, 2003	Between January 1, 2001 and January 1, 2002	5 (2003, 2004, 2005, 2006 and 2007)
Between January 1, 2003, and January 1, 2004	Between January 1, 2002 and January 1, 2003	4 (2004, 2005, 2006 and 2007)
Between January 1, 2004, and January 1, 2005	Between January 1, 2003 and January 1, 2004	3 (2005, 2006 and 2007)
Between January 1, 2005, and January 1, 2006	Between January 1, 2004 and January 1, 2005	2 (2006 and 2007)
Between January 1, 2006 and January 1, 2007	Between January 1, 2005 and January 1, 2006	1 (2007)

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 the following factors 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

Summary of manual calculation for 2007 CPI increase:

- Benefit in pay on Jan 1 2007 x CPI factor for eligible years = Increased benefit.
- For the 2007 lump sum payment, calculate the difference between the increased benefit and the amount the recipient will continue to receive monthly for the current year. This figure is then multiplied by 12 to determine the lump sum payment (some exceptions apply).

Examples (PIB, EERB and Survivor Benefits):

Rate effective date year: 1999. Eligible for 8 years of CPI increases, which indexes from 1999 to 2007 dollars.

Note: For purposes of this calculation, one month = 4.333 weeks.

PIB or EERB <u>monthly</u> benefit in pay on Jan 1, 2007 = \$100.00
$\$100.00 / 4.333 \text{ weeks per month} = \23.08 weekly $\$23.08 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 \times 1.009 = \25.52 weekly $(\$25.52 - \$23.08) \times 4.333 \times 12 \text{ months} = \$126.84 \text{ lump sum payment}$
Survivor <u>monthly</u> benefit in pay on Jan 1, 2007 = \$100.00
$\$100 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 \times 1.009 = \110.55 monthly $(\$110.55 - \$100) \times 12 \text{ months} = \$126.60 \text{ lump sum payment}$

Rate effective date: 2000. Eligible for 7 years of CPI increases, which indexes from 2000 to 2007 dollars.

Note: For purposes of this calculation, one month = 4.333 weeks.

PIB or EERB <u>monthly</u> benefit in pay on Jan 1, 2007 = \$100.00
$\$100.00 / 4.333 \text{ weeks per month} = \23.08 weekly $\$23.08 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 = \25.29 weekly $(\$25.29 - \$23.08) \times 4.333 \times 12 \text{ months} = \$114.96 \text{ lump sum payment}$
Survivor <u>monthly</u> benefit in pay on Jan 1, 2007 = \$100.00
$\$100 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 = \109.57 monthly $(\$109.57 - \$100) \times 12 \text{ months} = \$114.84 \text{ lump sum payment}$

Examples (TERB Benefits):

Rate effective date: January 1, 1999 or earlier. Eligible for 8 years of CPI increases, which indexes from 1999 to 2007 dollars. TERB must be in pay for 12 continuous months as of Jan 1 to be eligible for CPI adjustment.

Note: For purposes of this calculation, one month = 4.333 weeks.

TERB <u>weekly</u> benefit in pay on Jan 1, 2007 = \$100.00
$\$100 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 \times 1.009 = \110.55 weekly $(\$110.55 - \$100) \times 4.333 \times 12 \text{ months} = \$548.52 \text{ lump sum payment}$

Rate effective date: January 1, 2000 or earlier. Eligible for 7 years of CPI increases, which indexes from 2000 to 2007 dollars.

Note: For purposes of this calculation, one month = 4.333 weeks.

TERB <u>weekly</u> benefit in pay on Jan 1, 2007 = \$100.00
$\$100 \times 1.0105 \times 1.014 \times 1.009 \times 1.017 \times 1.015 \times 1.009 \times 1.0175 = \109.57 weekly $(\$109.57 - \$100) \times 4.333 \times 12 \text{ months} = \$497.64 \text{ lump sum payment}$