



City of New Bedford
IN COMMITTEE

December 6, 2022

The Honorable City Council
133 William Street
New Bedford, MA 02740

Dear Honorable Members of the City Council:

The Committee on Finance at a Meeting held on Thursday, November 17, 2022, considered a COMMUNICATION, Councillor Morad, submitting communications from the Executive Director of the New Bedford Retirement Board regarding the vote taken by the Board to increase the COLA base from \$12,000 to \$14,000 and KMS Actuaries regarding the impact on the New Bedford Contributory Retirement System's liabilities and appropriations as a result of increasing the COLA base. (To be Referred to the Committee on Finance.) (Ref'd 10/13/2022)

On motion by Councillor Morad and seconded by Councillor Carney, the Committee VOTED: To recommend to the City Council APPROVAL of the COLA base increase from \$12,000 to \$14,000, effective July 1, 2023, as detailed in a Communication dated 9/22/2022 from Eric Cohen, Executive Director of the New Bedford Retirement Board. This motion passed on a Roll Call Vote of Yeas 10, Nays 0.

IN COMMITTEE ON FINANCE

William Brad Markey
Councillor William Brad Markey, Chairman

WBM: dmb



New Bedford Contributory Retirement System

Leonard F. Baillargeon, *Elected, Chairman*
James Kummer, *Elected*
Emily Arpke, *Ex Officio*
Angela M. Natho, *Appointed*
Susan Mandra Thompson, *Esq., Appointed 5th member*

September 22, 2022

Mr. Ian Abreu, City Council President
City Council
133 William Street
New Bedford, MA 02740

RE: Retiree Cost of Living Adjustment (COLA)

Dear President Abreu:

In accordance with Massachusetts General Laws, chapter 32, section 103, the New Bedford Retirement Board has voted to increase the COLA base from \$12,000 to \$14,000, effective July 1, 2023, subject to the approval of the local legislative body. Our actuaries have calculated the cost impact of the increase and a copy is attached.

The Board looks forward to discussing the matter with you and the Council.

Please do not hesitate to call with any questions.

Sincerely,

Eric Cohen, Esq.
Executive Director
New Bedford Retirement Board



July 19, 2022

New Bedford Contributory Retirement System
631 Orchard Street
#203A
New Bedford, MA 02744

Dear Members of the Board:

As requested, we have analyzed the impact on the New Bedford Contributory Retirement System's liabilities and appropriations as a result of increasing the COLA base from \$12,000 to \$13,000 and, alternatively, from \$12,000 to \$14,000. We used the data and results of the most recently completed January 1, 2022 valuation to develop the change in the accrued liability and normal cost and the resulting impact on the FY2024 and later appropriations. Our results are based on an investment return rate of 7.25% and other recommended assumptions presented at the June 23, 2022 Board meeting and are provided below.

Cost-of-living adjustments (COLA) may be granted by the retirement Board each year. If an increase is given, the COLA percentage is applied to a retiree's retirement allowance up to \$12,000. If the COLA base is increased from \$12,000 to \$13,000 and, alternatively, from \$12,000 to \$14,000, the normal cost, accrued liability and FY2024 appropriations are expected to increase as follows:

Option	Increase/(Decrease)		
	Accrued Liability	Normal Cost	FY2024 Appropriation
1 - \$13,000 COLA Base	\$3,944,000	\$70,000	\$520,000
2 - \$14,000 COLA Base	\$7,816,000	\$138,000	\$1,029,000

The change in the FY2024 appropriation amounts shown above will increase annually by 3.80% until the system is expected to be fully funded in 2035. The results assume that \$40,827,689 will be contributed for FY2023.

K M S A C T U A R I E S

52 Hunt Road • Kingston, New Hampshire 03848-3456 • phone: (603) 792-9494 • kmsactuaries.com

New Bedford Contributory Retirement System

July 19, 2022

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In closing, we are happy to answer any questions you may have regarding the material we have provided in this supplemental report.

Sincerely,

A handwritten signature in black ink that reads "Linda Bournival". The signature is written in a cursive style with a large, looped "L" and "B".

Linda L. Bournival, FSA, EA
Consulting Actuary

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