



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

April 28, 2023

Mayor Jonathan Mitchell
133 William Street
New Bedford, MA 02740

RE: FY 23 Additional Two percent (2%) Cost of Living Adjustment (COLA)

Dear Mayor Mitchell,

Per Chapter 269 of the Acts of 2022, the New Bedford Contributory Retirement Board, at a special meeting held on April 27, 2023, voted to approve an additional two percent (2%) Cost of Living Adjustment (COLA) retroactive to the beginning of Fiscal Year 2023 (July 1, 2022).

In order for the New Bedford Contributory Retirement System to adopt a COLA pursuant to this act, local approval is required. This would require you, as the local authority/Mayor, to request that City Council adopt the COLA. Your recommendation and Council adoption must occur prior to July 1, 2023. Doing so would ensure that the retirees of the New Bedford Contributory Retirement System receive an additional 2% COLA retroactive to July 1, 2022.

The Retirement Board is hopeful that you will support their vote by recommending to the City Council that they approve this retroactive COLA increase.

Enclosed for your review, please find the KMS Actuarial cost assessment related to the above referenced 2% COLA.

Please do not hesitate to call/email with any questions and thank you in advance for your consideration.

Sincerely,

Eric C. Cohen

cc: Dennis Farias, City Clerk



March 29, 2023

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

Members of the Board:

As requested, we have prepared an analysis of the impact on the New Bedford Contributory Retirement System's liabilities and funding schedule as a result of a one-time increase in the COLA of an additional 2% on July 1, 2022, up to the COLA base of \$12,000. We used the data and results of the January 1, 2022 valuation, updated to reflect the recent adoption of a \$14,000 COLA base effective July 1, 2023, to develop the change in the unfunded actuarial accrued liability and the resulting impact on the FY2026 and later appropriations. The results of our analysis are provided under a 7% investment return rate assumption.

Cost-of-living adjustments (COLA) may be granted by the retirement board under M.G.L. c. 32, § 103 each year. If an increase is given, the COLA percentage is applied to a retiree's retirement allowance up to \$12,000 prior to July 1, 2023 and \$14,000 effective July 1, 2023. If the COLA on July 1, 2022 increased from 3% to 5%, a one-time increase that will become a permanent part of retirees' current retirement allowance, and as allowed in the recently enacted Chapter 269 of the Acts of 2022, the accrued liability and FY2026 appropriation are expected to increase as follows:

COLA	Accrued Liability	Increase in FY2026 Appropriation
5% on July 1, 2022 up to \$600	\$3,309,200	\$502,600

The increase in the FY2026 appropriation is without regard to any limits on the annual increases in appropriations and assumes that appropriations of \$43,350,840 and \$46,029,922 will be made for FY2024 and FY2025, respectively. The additional FY2026 appropriation of \$502,600 will increase by approximately 4% annually until the system is expected to be fully funded in 2035.

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

Sincerely,

Linda L. Bournival, FSA, EA
Consulting Actuary

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