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CITY OF AMESBURY, MA

CITY OF AMESBURY  
IN THE YEAR TWO THOUSAND TWENTY-THREE

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SPONSORED BY: *Kassandra Gove* **BILL No. 2023-036**  
**Kassandra Gove, Mayor**

**An Order** to request the City Council vote to adopt an additional 2% Cost-of-Living (COLA) increase for FY 2023 for all eligible retirees and survivors in the Amesbury retirement system.

**Summary:** On November 16, 2022, the Governor signed Chapter 269 of the Acts of 2022 into law. This act provides the local retirement systems with a local option to increase the Cost-of-Living (COLA) for FY 2023 up to 5%, based on the amount specified pursuant to MGL Chapter 32 Section 103. At the January 26, 2022 monthly meeting of the Amesbury Retirement Board, members of the Board unanimously voted to grant an additional 2% COLA increase to all eligible retirees and survivors, effective July 1, 2022. This COLA increase to 5% is a one-time adjustment, after which the maximum returns to 3% beginning July 1, 2023. The total cost of this adjustment is \$556,038 and will be amortized through 2036 with payments beginning in FY 2026.

**Be it Ordered by the City Council of the City of Amesbury assembled, and by the authority of the same as follows:**

That the City Council vote to adopt an additional 2% Cost-of-Living (COLA) increase for FY 2023 for all eligible retirees and survivors in the Amesbury retirement system.



# Amesbury

Amesbury Retirement System  
City Hall, 62 Friend Street  
Amesbury, MA 01913-2825

Tel: (978) 388-8131  
Fax: (978) 388-6727  
Email: [cairak@amesburyma.gov](mailto:cairak@amesburyma.gov)

Mayor Cassandra Gove  
City Hall, 62 Friend Street  
Amesbury, MA 01913

February 2, 2023

Dear Mayor Gove,

On November 16, 2022, the Governor signed Chapter 269 of the Acts of 2022 into law. This act provides the local retirement systems with a local option to increase the Cost-of-Living Adjustment (COLA) for Fiscal Year 2023 to up to 5 percent on the base amount specified pursuant to G.L. c. 32 §103. The approval can take place at any time during the current fiscal year and will take effect as of July 1, 2022 on the base amount of \$12,000.

The local approval mechanism is different than traditional COLA increases and COLA base increases. For a system to adopt a COLA increase pursuant to this act, the retirement board must vote for the increased 2% amount and then they must also receive local approval. For purposes of this act, local approval in a city means the mayor must recommend the increase to the city council and the council must vote in favor.

At the January 26, 2022 monthly meeting of the Amesbury Retirement Board, members of the Board unanimously voted to grant an additional 2% COLA increase to all eligible retirees and survivors, effective July 1, 2022. This COLA increase to 5% is a one-time adjustment, after which the maximum returns to 3% beginning July 1, 2023. Enclosed is a summary report provided by Board Actuary Daniel Sherman.

The Amesbury Retirement Board is requesting your consideration and a favorable recommendation to the City Council to adopt a COLA increase pursuant to this act. If you have questions, please do not hesitate to contact me or Retirement Administrator Kevin Caira at your earliest convenience. Also, available to answer questions you may have is Board Actuary Daniel Sherman (617) 429-8312 or [Dan@shermanactuary.com](mailto:Dan@shermanactuary.com).

Sincerely,

Donna M. Cornoni, Chair  
Amesbury Retirement Board

Cc: Amesbury Retirement Board Members  
Amesbury Retirement Administrator

# Report Summary:

## Highlights

|   | <u>5% COLA one-time</u><br><u>January 1, 2022</u> | <u>Current</u><br><u>January 1, 2022</u> | <u>Difference</u> |
|---|---|--|-------------------|
| <u>Contributions</u>                                |   |  |                   |
| Funding Schedule FY 2023                            | \$5,339,061                                       | \$5,339,061                              |                   |
| Funding Schedule FY 2024                            | \$5,835,312                                       | \$5,772,825                              | \$62,487          |
| <u>Funded Ratio</u>                                 |   |  |                   |
| GAS No. 25  | 60.6%   | 60.9%                                    |                   |
| <u>Participants</u>                                 |   |  |                   |
| Actives   | 290   | 290                                      |                   |
| Retirees and Beneficiaries                          | 251   | 251                                      |                   |
| Vested  | 0   | 0  |                   |
| Inactives   | 72  | 72                                       |                   |
| Disabled  | <u>16</u>   | <u>16</u>                                |                   |
| Total   | 629   | 629                                      |                   |
| <u>Payroll</u>                                      |   |  |                   |
| Payroll of Active Members                           | \$16,618,668                                      | \$16,618,668                             |                   |
| Average Payroll                                     | 57,306  | 57,306                                   |                   |
| <u>Normal Cost</u>                                  |   |  |                   |
| Employer  | 647,845   | 647,845                                  |                   |
| Employee  | 1,502,895   | 1,502,895                                |                   |
| Administrative Expenses                             | <u>175,000</u>                                    | <u>175,000</u>                           |                   |
| Total   | 2,325,740   | 2,325,740                                |                   |
| <u>Actuarial Accrued Liabilities</u>                |   |  |                   |
| Actives   | 39,365,930  | 39,365,930                               |                   |
| Retirees, Beneficiaries, Disabilities and Inactives | <u>76,985,827</u>                                 | <u>76,429,789</u>                        | \$556,038         |
| Total   | 116,351,757                                       | 115,795,719                              | \$556,038         |
| <u>Actuarial Value of Assets</u>                    |   |  |                   |
|   | <u>70,562,551</u>                                 | <u>70,562,551</u>                        |                   |
| <u>Unfunded Actuarial Accrued Liabilities</u>       |   |  |                   |
|   | \$45,789,206                                      | \$45,233,168                             | \$556,038         |

|               | <b>5% COLA one-time</b> | <b>Current</b>       |                   |
|---------------|-------------------------|----------------------|-------------------|
| Fiscal        | Employer                | Employer             |                   |
| Year          | Total Cost              | Total Cost           |                   |
| <u>Ending</u> | <u>with Interest</u>    | <u>with Interest</u> | <u>Difference</u> |
| 2023          | \$5,339,061             | \$5,339,061          |                   |
| 2024          | \$5,835,312             | \$5,772,825          | \$62,487          |
| 2025          | \$6,055,964             | \$5,990,978          | \$64,986          |
| 2026          | \$5,904,107             | \$5,836,521          | \$67,586          |
| 2027          | \$6,124,585             | \$6,054,296          | \$70,289          |
| 2028          | \$6,353,254             | \$6,280,153          | \$73,101          |
| 2029          | \$6,590,417             | \$6,514,392          | \$76,025          |
| 2030          | \$6,836,388             | \$6,757,323          | \$79,066          |
| 2031          | \$7,091,492             | \$7,009,264          | \$82,228          |
| 2032          | \$7,356,066             | \$7,270,549          | \$85,517          |
| 2033          | \$7,630,460             | \$7,541,522          | \$88,938          |
| 2034          | \$7,915,036             | \$7,822,540          | \$92,496          |
| 2035          | \$8,210,168             | \$8,113,973          | \$96,196          |
| 2036          | \$1,151,781             | \$1,151,781          | \$0               |