

Warrant Article 11: Approval of an increase in the Cost of Living Adjustment (COLA) base for retirees from \$13,000 to \$15,000

Recommendation: Favorable Action on Warrant Article 11 by a vote of 21-0 with 1 abstention.

Executive Summary:	This Article was filed by the Retirement Board and seeks to increase the base amount used to calculate the Cost of Living (COLA) increase given to retirees each year from \$13,000 to \$15,000 which will add an additional \$60 dollars, to the annual COLA. This would make the COLA for this year \$450 dollars per retiree.
Voting Yes will...	Increase the amount used to calculate the COLA for retirees an additional \$2,000 from \$13,000 to \$15,000
Voting No will...	Will leave the base amount used to calculate the COLA at \$13,000 or \$390 per year for each retiree.
Financial impact	The Retirement Board believes that the yearly increase in the cost of retirement benefits paid by the Town would total approximate \$49,000 dollars, since there are approximately 850 retired Town employees collecting pensions.
Legal implications	None. After a review by the actuaries, the Retirement Board has determined that this increase would not impact the time line to reach full funding of the Town’s retirement obligations.

Introduction

Article 11 was submitted by the Brookline Retirement Board and seeks to increase the amount of the base used to calculate cost living increases for Brookline retirees from \$13,000 to \$15,000. State law regulates both the cost of living increase percentage (currently3%) and the yearly amount of retirement payout to which that percentage is applied. Currently the cost of living increase is calculated using a payout base of \$13,000 which would result in an increase of the annual payout to retirees of \$390, assuming the retiree had a pension of at least \$13,000. State law allows that base to be increased with a vote of Town Meeting. If Town Meeting approves the increase of the base amount to \$15,000, the yearly payout to retirees with pensions of at least that amount would increase by an additional \$60 dollars, making the cost of living adjustment added to a retirees yearly payout by \$450 dollars.

Evaluation Methodology/Research

The Retirement Board asked its actuaries to determine if this increase would impact the Town’s timeline for reaching full funding of the Town’s retirement obligations and the actuaries determined that given the Town’s historic rate of return this increase would not impact the time line for the Town to reach full funding of its retirement obligations.

Discussion

The Retirement Board thought that a small increase in the based used to calculate the COLA for the Town's retirees was appropriate given the recent uptick in inflation. While this increase will not have a significant impact on recent retirees, the Town has a number of retirees who are older and collecting much smaller pensions; for those retirees even a small increase is welcome. Since the increase will not impact the time line for the Town to reach full funding of its pension obligations the Advisory Committee supported the increase in the base used to calculate the COLA.

Recommendation

The Advisory Committee recommends FAVORABLE ACTION on the following motion under Warrant Article 11 by a vote of 21-0 with 1 abstention:

VOTED: That the Town accept the provisions of Section 103(j) of Massachusetts General Laws Chapter 32, as amended by Section 19 of Chapter 133 of the Acts of 2010 to permit an increase to the base upon which the cost of living increases may be granted to Town retirees from the first \$13,000 to the first \$15,000 of the retirement allowance.

ARTICLE 11 ADVISORY COMMITTEE VOTES

Article Description	COLA adjustment
AC recommendation (Favorable Action unless indicated)	21-0-1
Scott Ananian	Y
Carla Benka	Y
Ben Birnbaum	Y
Harry Bohrs	Y
Cliff Brown	
John Doggett	Y
Katherine Florio	Y
Harry Friedman	Y
David-Marc Goldstein	Y
Neil Gordon	A
Susan Granoff	Y
Kelly Hardebeck	
Anita Johnson	Y
Georgia Johnson	Y
Alisa Jonas	Y
Janice Kahn	Y
Carol Levin	Y
Pam Lodish	Y
Linda Olson Pehlke	Y
Donelle O’Neal, Sr.	Y
David Pollak	Y
Stephen Reeders	Y
Carlos Ridruejo	Y
Lee Selwyn	
Alok Somani	
Christine Westphal	Y
Dennis Doughty *	
* Chairperson does not vote except to break a tie	