

Barbara: Would you kindly forward this email to the Retirement Board?

Request to meet with the Retirement Board to discuss 4 colas with a reduced rate of growth.

Dear Mr. Lopez, Mr. Logalbo, Mr. Curley, Ms. Byrne and Ms. Maloney,

I'm writing to explain the Council's straw vote taken at our Committee of the Whole where we discussed your docket item:

136-23 RETIREMENT BOARD requesting City Council approval of an increase to the retiree Cost Of Living Adjustment (COLA) base from twelve thousand dollars (\$12,000) to thirteen thousand dollars (\$13,000) in FY24, from \$13,000 to \$14,000 in FY25, and from \$14,000 to \$15,000 in FY26 pursuant to Chapter 32, Section 103(j), such increase to be effective July 1, 2023.

As you probably know we asked Ms Riley to help us understand the implications of a couple of different options in response to your proposed reduction in the rate of growth from 9.6% -- >6.6% with 3 colas as represented in your docket item. Specifically, we wanted to know if it was possible to offer any additional colas balanced against a slightly slower rate of growth.

The goals we hope to achieve are to provide:

- Assurance to retirees and your Board that the pensions will be fully funded as required by law as quickly as reasonably possible,
- Appropriate cost of living adjustments to help retirees thrive through retirement
- Fully fund the pension at a sustainable rate that allows city and schools to also thrive

With the help of Kathy Riley we studied a 5.0% growth rate with two more years of Cola (\$16,000 and \$17,000) and 5% with one more year of Cola (\$16,000). We studied the numbers and concluded that a 5.5% rate of growth with one additional year of Cola would balance the Council and Administration's goals (free up cash for our climate initiatives, infrastructure, school and city goals with the needs of your Board and retirees) This request would fully fund the Pension Trust in August 2032 (FY33). We note the working group felt the 5.5% growth rate is sustainable for the city even in down economic times.

At your March meeting, Ms. Riley originally proposed a 6.2% growth rate with 3 Cola steps. It was Mr. Curley who suggested bumping the rate of growth up to 6.6%. We added this rate (6.2%) for the Council's consideration. To be specific we did this because it provides 3 cola raises and is fully funded in FY32. As a result the Council discussed 6.6%, 6.2% and a 5.5% rates of growth with three or four colas. The data indicated we could offer an additional Cola of \$16,000 at the 5.5% rate of growth and meet an FY33 deadline.

We want to reiterate that as we are all aware, the City pays its bill for the Pension on August 1 which means that it advances our payment into a later fiscal year by one month. If we paid our bill on June 1 it would still be FY32 - so in an important way the date of full payment is only

a factor of missing the end of the prior fiscal year by one month (because that is when the City pays its bill).

Of course, the Council is in full support of funding the pension as soon as reasonably possible. We mean no harm to any retiree - in fact quite the opposite. We respect our retirees for the work they did for our city to make it a place where people want to live. We are only looking for a sustainable funding schedule that allows our administration to continue to make Newton a place people want to move to.

The motion put before the Council at the meeting's start asked the council to give the working group the ability to propose and discuss with the Board a range not higher than 6.6% rate of growth. Our charts proposed 6.6%, 6.2% and 5.5% rate of growth with 3 or 4 colas respectively. The sentiment from the council was to further limit the discussion with you to only 6.2% or 5.5% (with 3 and 4 colas respectively) with the Council split between these two options.

Our working group looks forward to discussing this with you as we were charged to do by the Council. We hope we will find a mutually agreeable time to discuss this proposal which supports our mutual goals of fully funding the pension and supporting retirees. The Council is now reviewing the budget and the Mayor has counted on the reduced growth rate; as you can imagine our time is limited. The Council is seeking a sustainable rate of growth to meet all of our goals.

Thank you for your consideration,
Susan Albright (on behalf of the Council)

Susan Albright, President
Newton City Council
Councilor-at-Large, Ward 2