



January 4, 2023

Dukes County Contributory Retirement System  
9 Airport Road  
Suite 1  
Vineyard Haven, MA 02568

Members of the Board:

As requested, we have prepared an analysis of the impact on the Dukes County 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 \$14,000. We used the data and results of the January 1, 2022 valuation 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 \$14,000 prior to July 1, 2023 and \$15,000 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 \$700	\$886,400	\$204,000

The increase in the FY2026 appropriation is without regard to any limits on the annual increases in appropriations and assumes that appropriations of \$8,900,688 and \$9,302,109 will be made for FY2024 and FY2025, respectively. The additional FY2026 appropriation of \$204,000 will increase by approximately 4% annually until the system is expected to be fully funded in 2031.

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".

Linda L. Bournival, FSA, EA  
Consulting Actuary

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

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