

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Arlington Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 15, 2016

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.25%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

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**ARLINGTON RETIREMENT SYSTEM**  
**FUNDING SCHEDULE with 3(8)(C) - 18 years: 5.50% increases**  
**Generational Mortality scale BB, 7.25% Discount Rate, New Salary Scale**

Fiscal Year	Normal Cost	Unfunded Liability*	Funding		Schedule Contribution**	% Change
			Amortization of UAAL	Net 3(8)(c) Payments		
2018	2,529,987	139,222,978	9,286,232	(120,142)	11,696,077	5.50%
2019	2,643,836	139,561,345	9,815,667	(120,142)	12,339,361	5.50%
2020	2,762,809	141,286,398	10,375,359	(120,142)	13,018,026	5.50%
2021	2,887,135	142,535,169	10,967,024	(120,142)	13,734,018	5.50%
2022	3,017,057	141,106,835	11,592,474	(120,142)	14,489,389	5.50%
2023	3,152,824	138,904,152	12,253,623	(120,142)	15,286,305	5.50%
2024	3,294,701	135,832,692	12,952,493	(120,142)	16,127,052	5.50%
2025	3,442,963	131,789,014	13,691,219	(120,142)	17,014,039	5.50%
2026	3,597,896	126,659,885	14,472,058	(120,142)	17,949,812	5.50%
2027	3,759,801	120,321,444	15,297,392	(120,142)	18,937,051	5.50%
2028	3,928,992	112,638,296	16,169,739	(120,142)	19,978,589	5.50%
2029	4,105,797	103,462,527	17,091,757	(120,142)	21,077,412	5.50%
2030	4,290,558	92,632,651	18,066,254	(120,142)	22,236,669	5.50%
2031	4,483,633	79,972,461	19,096,195	(120,142)	23,459,686	5.50%
2032	4,685,397	65,289,795	20,184,714	(120,142)	24,749,969	5.50%
2033	4,896,239	48,375,199	21,335,120	(120,142)	26,111,217	5.50%
2034	5,116,570	29,000,485	22,550,906	(120,142)	27,547,334	5.50%
2035	5,346,816	6,917,173	6,917,173	(120,142)	12,143,847	-55.92%
2036	5,587,423	-	-	(120,142)	5,467,280	-54.98%

**Amortization of Unfunded Liability as of July 1, 2017**

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2004	ERI - Town	38,902	4.00%	19	64,483	5
2004	ERI - Housing	4,102	4.00%	19	6,799	5
2006	ERI2003 - Town	15,910	4.00%	16	24,410	4
2018	Fresh Start	N/A	N/A	18	N/A	18

\* Includes recognition of the following asset gains/(losses) in Fiscal 2019 through 2021:

2019	(\$204,185)
2020	(\$2,134,159)
2021	(\$2,133,079)

\*\* Contribution is set to be the amount resulting from a 5.5% increase on the prior year's contribution, with 5.5% increases thereafter. The contribution in FY2035 decreases by -55.92%.