

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATE FITZPATRICK | ELIZABETH FONTAINE | JOHN B. LANGAN | JAMES M. MACHADO | ROBERT B. McCARTHY

MEMORANDUM

TO: Fall River Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: November 9, 2015

This Commission is hereby furnishing you with approval of the funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made, on average, on October 1 of each fiscal year. The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

The schedule reflects the adoption of a fully generational mortality assumption in the 2015 actuarial valuation. We indicated the Board should also consider a reduction in the investment return assumption from 7.75% as we expect it is more likely we would recommend such a decrease in the 2017 actuarial valuation if none is made in the 2015 valuation. The Board maintained the 7.75% assumption in this valuation and funding schedule.

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

Enc.



Alternative 2
7.75% Investment Return
6.3% Total Increasing

Fall River Retirement System
January 1, 2015 Actuarial Valuation

Total Appropriation Increasing 6.3% until FY34, final amortization payment FY35

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Amort. of 2002 ERI</u>	<u>Amort. of 2003 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Increase in Total Cost</u>
2016	5,136,210	1,320,000	18,201,422	738,903	57,465	25,454,000	349,813,557	
2017	5,367,339	1,320,000	19,574,293	738,903	57,465	27,058,000	356,828,811	6.3%
2018	5,608,870	1,320,000	21,037,763	738,903	57,465	28,763,000	362,935,565	6.3%
2019	5,861,269	1,320,000	22,597,363	738,903	57,465	30,575,000	367,967,578	6.3%
2020	6,125,026	1,320,000	24,998,509		57,465	32,501,000	371,739,873	6.3%
2021	6,400,652	1,320,000	26,828,348			34,549,000	374,046,250	6.3%
2022	6,688,681	1,320,000	28,717,319			36,726,000	374,656,606	6.3%
2023	6,989,672	1,320,000	30,730,328			39,040,000	373,316,168	6.3%
2024	7,304,207	1,320,000	32,875,793			41,500,000	369,742,545	6.3%
2025	7,632,896	1,320,000	35,162,104			44,115,000	363,622,557	6.3%
2026	7,976,377	1,320,000	37,597,623			46,894,000	354,609,879	6.3%
2027	8,335,314	1,320,000	40,192,686			49,848,000	342,322,498	6.3%
2028	8,710,403	1,320,000	42,957,597			52,988,000	326,337,864	6.3%
2029	9,102,371	1,320,000	45,903,629			56,326,000	306,189,781	6.3%
2030	9,511,978	1,320,000	49,043,022			59,875,000	281,363,997	6.3%
2031	9,940,017	1,320,000	52,386,983			63,647,000	251,293,458	6.3%
2032	10,387,317	1,320,000	55,949,683			67,657,000	215,355,310	6.3%
2033	10,854,747	1,320,000	59,744,253			71,919,000	172,863,437	6.3%
2034	11,343,210	1,320,000	63,786,790			76,450,000	123,064,661	6.3%
2035	11,853,655	1,320,000	66,345,232			79,518,887	65,130,405	4.0%
2036	12,387,069	1,320,000				13,707,069	0	

Appropriation payments assumed to be made on average on October 1 of each fiscal year
Normal cost assumed to increase 4.5% per year
FY16 amount maintained at level of prior funding schedule