

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: Lowell Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 3, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments will be made on July 1 of each fiscal year. The schedule is effective in FY16 (since the FY16 appropriation was maintained from the prior schedule) and is acceptable under Chapter 32.

We note that the Board once again used an 8.0% investment return assumption in this valuation. For comparison, there are now 78 systems using an assumption under 8.0% and of these, 25 have adopted an assumption under 7.75%. We have generally recommended an assumption of approximately 7.60% in 2015 PERAC local system valuations. We recommend the Board consider reducing this assumption for the 2017 valuation.

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

Enc.



SECTION 3 - CHAPTER 32 OF M.G.L. APPROPRIATIONS

Exhibit 3.2 - 30-Year Forecast of Annual Appropriations

Fiscal Year Ending	Total Normal Cost	Employee Contributions	Employer Normal Cost	Amortization Payment of UAL	Amortization Payment of ERI 2002	Amortization Payment of ERI 2003	Total Employer Cost	Unfunded Actuarial Accrued Liability
2016	\$14,603,009	\$8,398,188	\$6,204,821	\$15,809,544	\$100,567	\$523,290	\$22,638,222	\$251,251,589
2017	15,114,113	8,751,216	6,362,897	17,714,535	100,566	523,291	24,701,289	254,273,624
2018	15,643,107	9,118,670	6,524,437	19,094,004	-	523,290	26,141,731	255,557,698
2019	16,190,617	9,501,124	6,689,493	19,855,771	-	523,291	27,068,555	255,615,424
2020	16,757,288	9,899,181	6,858,107	20,647,937	-	523,290	28,029,334	254,886,116
2021	17,343,793	10,313,462	7,030,331	22,072,025	-	-	29,102,356	253,275,221
2022	17,950,827	10,744,615	7,206,212	22,873,137	-	-	30,079,349	250,599,317
2023	18,579,106	11,193,317	7,385,789	23,703,257	-	-	31,089,046	246,876,801
2024	19,229,374	11,660,265	7,569,109	24,563,082	-	-	32,132,191	241,993,798
2025	19,902,403	12,146,187	7,756,216	25,453,212	-	-	33,209,428	235,826,598
2026	20,598,986	12,651,840	7,947,146	26,374,118	-	-	34,321,264	228,240,972
2027	21,319,951	13,178,010	8,141,941	27,326,061	-	-	35,468,002	219,091,463
2028	22,066,149	13,725,514	8,340,635	28,308,997	-	-	36,649,632	208,220,704
2029	22,838,465	14,295,199	8,543,266	29,322,392	-	-	37,865,658	195,458,788
2030	23,637,811	14,887,949	8,749,862	30,364,939	-	-	39,114,801	180,622,767
2031	24,465,134	15,504,680	8,960,454	31,434,013	-	-	40,394,467	163,516,418
2032	25,321,414	16,146,343	9,175,071	32,524,610	-	-	41,699,681	143,930,547
2033	26,207,664	16,813,930	9,393,734	33,626,987	-	-	43,020,721	121,644,424
2034	27,124,932	17,508,470	9,616,462	34,720,399	-	-	44,336,861	96,429,788
2035	28,074,304	18,231,029	9,843,275	36,961,124	-	-	46,804,399	68,061,674
2036	29,056,905	18,982,720	10,074,185	36,472,294	-	-	46,546,479	35,095,481
2037	30,073,897	19,764,696	10,309,201	-	-	-	10,309,201	-
2038	31,126,484	20,578,158	10,548,326	-	-	-	10,548,326	-
2039	32,215,911	21,424,350	10,791,561	-	-	-	10,791,561	-
2040	33,343,468	22,304,566	11,038,902	-	-	-	11,038,902	-
2041	34,510,489	23,085,226	11,425,263	-	-	-	11,425,263	-
2042	35,718,357	23,893,209	11,825,148	-	-	-	11,825,148	-
2043	36,968,499	24,729,471	12,239,028	-	-	-	12,239,028	-
2044	38,262,396	25,595,003	12,667,393	-	-	-	12,667,393	-
2045	39,601,580	26,490,828	13,110,752	-	-	-	13,110,752	-

Lowell Contributory Retirement System
Actuarial Valuation as of January 1, 2015