

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Milton Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: August 31, 2015

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 November 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.

In our meeting with the Board we suggested the System consider reducing the investment return assumption. The Board decided to maintain the 7.75% assumption from the 2013 valuation. This is acceptable, but as we noted in our meeting, it makes it more likely we will recommend a reduction in this assumption in the 2017 valuation. The revised schedule does reflect the adoption of a fully generational mortality assumption.

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

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Alternative 1
7.75% Investment Return

Milton Retirement System
January 1, 2015 Actuarial Valuation

Total appropriation increases 6% until FY25

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Amort. of UAL</u>	<u>Amort. of 2003 ERI</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>% Increase in Total Cost</u>
2016	1,637,696	3,518,011	126,318	5,282,025	33,048,582	
2017	1,711,392	3,761,237	126,318	5,598,947	31,778,369	6.0%
2018	1,788,405	4,020,161	126,318	5,934,884	30,153,998	6.0%
2019	1,868,883	4,295,776	126,318	6,290,977	28,131,516	6.0%
2020	1,952,983	4,715,453		6,668,436	25,662,524	6.0%
2021	2,040,867	5,027,675		7,068,542	22,693,761	6.0%
2022	2,132,706	5,359,949		7,492,655	19,166,664	6.0%
2023	2,228,678	5,713,536		7,942,214	15,016,878	6.0%
2024	2,328,968	6,089,779		8,418,747	10,173,739	6.0%
2025	2,433,772	4,673,090		7,106,861	4,559,693	-15.6%
2026	2,543,291			2,543,291	0	-64.2%

Appropriation payments assumed to be made on average on November 1 of each fiscal year
 Normal cost assumed to increase 4.5% per year
 FY16 appropriation maintained from the current schedule.