

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOHN W. PARSONS, ESQ., *Executive Director*

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MEMORANDUM

TO: Adams Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: October 28, 2022

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 January 1 of each fiscal year. The schedule is effective in FY23 (since the amount under the prior schedule was maintained in FY23) and is acceptable under Chapter 32.

The revised schedule reflects an adjustment to the fully generational mortality assumption.

For more than five years, PERAC has been recommending that Boards adopt schedules that complete the amortization of the unfunded actuarial liability (UAL) by FY35. The schedule adopted by the Board completes the amortization of the UAL in FY36 and has total appropriation payments that increase 7.0% each year. The System has limited flexibility in the event of a market downturn, future actuarial losses, or changes in assumptions/plan provisions that increase the plan's liability, and it is possible appropriation increases in excess of 7.0% may be required as part of the 2024 or future actuarial valuations.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Adams Retirement System
January 1, 2022 Actuarial Valuation

Total cost increases 7.0% per year until FY35 with a final amortization payment in FY36

<u>Fiscal Year</u>	<u>Normal Cost</u>	<u>Net 3(8)(c)</u>	<u>Amort. of UAL</u>	<u>Total Cost</u>	<u>Unfunded Act. Liab.</u>	<u>Change in Cost</u>
2023	816,966	125,000	1,160,244	2,102,210	17,429,353	
2024	853,730	125,000	1,270,635	2,249,365	17,406,432	7.00%
2025	892,148	125,000	1,389,673	2,406,820	17,267,847	7.00%
2026	932,294	125,000	1,518,003	2,575,298	16,996,853	7.00%
2027	974,247	125,000	1,656,321	2,755,568	16,574,905	7.00%
2028	1,018,089	125,000	1,805,370	2,948,458	15,981,489	7.00%
2029	1,063,903	125,000	1,965,948	3,154,850	15,193,938	7.00%
2030	1,111,778	125,000	2,138,912	3,375,690	14,187,231	7.00%
2031	1,161,808	125,000	2,325,180	3,611,988	12,933,769	7.00%
2032	1,214,090	125,000	2,525,738	3,864,827	11,403,144	7.00%
2033	1,268,724	125,000	2,741,642	4,135,365	9,561,875	7.00%
2034	1,325,816	125,000	2,974,025	4,424,841	7,373,129	7.00%
2035	1,385,478	125,000	3,224,102	4,734,580	4,796,417	7.00%
2036	1,447,824	125,000	1,845,611	3,418,436	1,787,260	-27.80%
2037	1,512,977	125,000		1,637,977	0	-52.08%

Appropriation payments assumed to be made on January 1 of each fiscal year
 Normal cost assumed to increase 4.5% per year
 Assumed expenses of \$250,000
 FY23 amount maintained at level of current funding schedule