

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

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

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## MEMORANDUM

TO: Amesbury Retirement Board

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

RE: Approval of Funding Schedule

DATE: September 12, 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 in equal installments from July to December 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 investment return assumption is outside the range we consider reasonable. The Board reduced the investment return assumption to 7.5% in this valuation. For our 2022 valuations, we are generally recommending an assumption of between 6.75% and 7.15%. For comparison, there are 78 systems currently with an assumption of 7.25% or less. Of these, 56 use an assumption of less than 7.25% and 46 use an assumption of 7.0% or less. We expect these numbers to increase as more 2022 valuations are completed.

However, since PERAC is not the actuary for the plan, we will allow the schedule. Note that if PERAC were the actuary for the plan, our report would indicate that we do not believe this assumption is reasonable. We recommend the Board consider reducing this assumption in the next valuation.

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

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### Appropriation Forecast

Fiscal Year Ending	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Unfunded Accrued Liability	Funded Ratio %**
2023	\$1,502,895	\$866,049	\$4,473,012	\$5,339,061	32.1	\$45,435,892	60.8
2024	\$1,576,261	\$886,746	\$4,886,079	\$5,772,825	33.4	\$44,067,920	62.9
2025	\$1,653,091	\$907,712	\$5,083,266	\$5,990,978	33.3	\$42,381,350	65.4
2026	\$1,733,546	\$928,937	\$4,907,584	\$5,836,521	31.2	\$40,366,840	68.0
2027	\$1,817,792	\$950,408	\$5,103,888	\$6,054,296	31.1	\$38,380,630	70.5
2028	\$1,906,004	\$972,110	\$5,308,043	\$6,280,153	31.1	\$36,044,905	73.1
2029	\$1,998,365	\$994,027	\$5,520,365	\$6,514,392	31.0	\$33,325,430	75.9
2030	\$2,095,065	\$1,016,143	\$5,741,180	\$6,757,323	30.9	\$30,185,081	78.8
2031	\$2,196,303	\$1,038,437	\$5,970,827	\$7,009,264	30.8	\$26,583,615	81.9
2032	\$2,302,289	\$1,060,889	\$6,209,660	\$7,270,549	30.7	\$22,477,425	85.1
2033	\$2,413,239	\$1,083,476	\$6,458,046	\$7,541,522	30.7	\$17,819,273	88.6
2034	\$2,529,381	\$1,106,172	\$6,716,368	\$7,822,540	30.6	\$12,558,001	92.2
2035	\$2,650,954	\$1,128,950	\$6,985,023	\$8,113,973	30.5	\$6,638,225	96.0
2036	\$2,778,206	\$1,151,781	\$0	\$1,151,781	4.2	\$0	100.0
2037	\$2,911,396	\$1,174,632	\$0	\$1,174,632	4.1	\$0	100.0
2038	\$3,050,797	\$1,197,468	\$0	\$1,197,468	4.0	\$0	100.0
2039	\$3,196,691	\$1,220,251	\$0	\$1,220,251	3.9	\$0	100.0
2040	\$3,349,375	\$1,242,941	\$0	\$1,242,941	3.8	\$0	100.0
2041	\$3,509,160	\$1,265,494	\$0	\$1,265,494	3.8	\$0	100.0
2042	\$3,676,368	\$1,287,863	\$0	\$1,287,863	3.7	\$0	100.0
2043	\$3,823,423	\$1,339,377	\$0	\$1,339,377	3.7	\$0	100.0
2044	\$3,976,359	\$1,392,953	\$0	\$1,392,953	3.7	\$0	100.0
2045	\$4,135,414	\$1,448,671	\$0	\$1,448,671	3.7	\$0	100.0
2046	\$4,300,830	\$1,506,618	\$0	\$1,506,618	3.7	\$0	100.0
2047	\$4,472,864	\$1,566,882	\$0	\$1,566,882	3.7	\$0	100.0
2048	\$4,651,778	\$1,629,557	\$0	\$1,629,557	3.7	\$0	100.0
2049	\$4,837,849	\$1,694,740	\$0	\$1,694,740	3.7	\$0	100.0
2050	\$5,031,363	\$1,762,529	\$0	\$1,762,529	3.7	\$0	100.0
2051	\$5,232,618	\$1,833,031	\$0	\$1,833,031	3.7	\$0	100.0
2052	\$5,441,922	\$1,906,352	\$0	\$1,906,352	3.7	\$0	100.0
2053	\$5,659,599	\$1,982,606	\$0	\$1,982,606	3.7	\$0	100.0
2054	\$5,885,983	\$2,061,910	\$0	\$2,061,910	3.7	\$0	100.0