

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chair*

WILLIAM T. KEEFE, *Executive Director*

Auditor DIANA DIZOGLIO | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES J. GUIDO | RICHARD MACKINNON, JR. | JENNIFER F. SULLIVAN, ESQ.

MEMORANDUM

TO: Amesbury Retirement Board

FROM: William T. Keefe, Executive Director

RE: Approval of Funding Schedule

DATE: November 21, 2024

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 FY25 (since the amount under the prior schedule was maintained in FY25) and is acceptable under Chapter 32.

The investment return assumption is outside the range we consider reasonable. The Board maintained the 7.5% investment return assumption used in the 2022 actuarial valuation. For our 2024 valuations, we are generally recommending an assumption of between 6.75% and 7.15%. The range we consider reasonable is 6.0% to 7.35%. For comparison, there are 92 systems currently using an assumption of 7.25% or less. Of these, 78 use an assumption of 7.0% or less.

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, once again, recommend the Board consider reducing this assumption in the next valuation.

The schedule amortizes the unfunded actuarial liability on a 5.0% annually increasing basis through FY35. Under the provisions of G.L. c. 32 Section 22F, the maximum allowable increase is 4.0% for schedules that extend beyond FY30. However, since the Board could have adopted a schedule with similar payments over the next few years by having the total payments increase approximately 4.60% each year, we will allow this schedule.

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

WTK/jfb

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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 %**
2025	\$1,643,214	\$919,831	\$4,419,230	\$5,339,061	29.6	\$44,032,865	64.0
2026	\$1,723,493	\$941,310	\$4,927,129	\$5,868,439	31.3	\$42,236,737	68.5
2027	\$1,807,565	\$963,036	\$5,173,485	\$6,136,521	31.4	\$40,368,401	72.4
2028	\$1,895,606	\$984,993	\$5,432,159	\$6,417,152	31.6	\$38,108,135	76.2
2029	\$1,987,797	\$1,007,166	\$5,703,767	\$6,710,933	31.8	\$35,413,954	79.8
2030	\$2,084,331	\$1,029,537	\$5,988,956	\$7,018,493	32.0	\$32,240,095	83.1
2031	\$2,185,407	\$1,052,086	\$6,288,404	\$7,340,490	32.1	\$28,536,701	86.3
2032	\$2,291,234	\$1,074,792	\$6,602,824	\$7,677,616	32.3	\$24,249,482	89.3
2033	\$2,402,031	\$1,097,631	\$6,932,965	\$8,030,596	32.5	\$19,319,349	92.2
2034	\$2,518,025	\$1,120,577	\$7,279,613	\$8,400,190	32.7	\$13,682,014	94.9
2035	\$2,639,456	\$1,143,603	\$7,643,594	\$8,787,197	32.9	\$7,267,564	97.5
2036	\$2,766,573	\$1,166,678	\$0	\$1,166,678	4.2	\$0	100.0
2037	\$2,899,635	\$1,189,770	\$0	\$1,189,770	4.1	\$0	100.0
2038	\$3,038,916	\$1,212,842	\$0	\$1,212,842	4.0	\$0	100.0
2039	\$3,184,701	\$1,235,856	\$0	\$1,235,856	4.0	\$0	100.0
2040	\$3,337,285	\$1,258,770	\$0	\$1,258,770	3.9	\$0	100.0
2041	\$3,496,981	\$1,281,541	\$0	\$1,281,541	3.8	\$0	100.0
2042	\$3,664,113	\$1,304,119	\$0	\$1,304,119	3.7	\$0	100.0
2043	\$3,839,020	\$1,326,452	\$0	\$1,326,452	3.6	\$0	100.0
2044	\$3,992,581	\$1,379,510	\$0	\$1,379,510	3.6	\$0	100.0
2045	\$4,152,284	\$1,434,691	\$0	\$1,434,691	3.6	\$0	100.0
2046	\$4,318,376	\$1,492,079	\$0	\$1,492,079	3.6	\$0	100.0
2047	\$4,491,111	\$1,551,762	\$0	\$1,551,762	3.6	\$0	100.0
2048	\$4,670,755	\$1,613,832	\$0	\$1,613,832	3.6	\$0	100.0
2049	\$4,857,585	\$1,678,385	\$0	\$1,678,385	3.6	\$0	100.0
2050	\$5,051,889	\$1,745,521	\$0	\$1,745,521	3.6	\$0	100.0
2051	\$5,253,964	\$1,815,342	\$0	\$1,815,342	3.6	\$0	100.0
2052	\$5,464,123	\$1,887,955	\$0	\$1,887,955	3.6	\$0	100.0
2053	\$5,682,688	\$1,963,474	\$0	\$1,963,474	3.6	\$0	100.0
2054	\$5,909,995	\$2,042,013	\$0	\$2,042,013	3.6	\$0	100.0
2055	\$6,146,395	\$2,123,693	\$0	\$2,123,693	3.6	\$0	100.0
2056	\$6,392,251	\$2,208,641	\$0	\$2,208,641	3.6	\$0	100.0